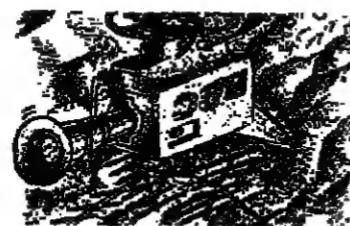


Weekend FT

Inside Section II
20 pages



Who needs the BBC?

Christopher Dunphy asks whether Auntie is a guardian of broadcasting quality or just a waste of money



A taste of Portugal
Nicholas Woodworth on the price of fish in Lisbon

Page XIV
An Olympian writes
Michael Thompson-Niel gives London's Olympic bid his backing

Page XX



The Duck Man
Carl Barks created Scrooge McDuck. For 25 years Disney fans knew him only as "the good artist"

Page VII

The Long View
Barry Riley on how to keep chairman under control

Page I

FT No. 31,433

* THE FINANCIAL TIMES LIMITED 1991

WORLD NEWS

Gorbachev fails to get Japanese aid

Soviet President Mikhail Gorbachev left Japan after four days of intensive talks with prime minister Toshiki Kaifu that produced little more than an agreement to continue talking.

President Gorbachev failed to receive large-scale economic aid after refusing to return four small islands captured by the Soviet army at the end of the Second World War.

He put a brave face on the lacklustre outcome of the Tokyo meeting, saying both sides needed to talk "much, much more". Moscow catches a chill in Tokyo. Gloomy statistics underline Soviet decline. Page 2

RA free seat bonanza
British Airways' free seat bonanza on Tuesday - when all the airline's 50,000 seats are being given away - is providing a boost to rival airlines who are attracting fee-paying passengers unable to get on to RA's flights. Page 2

Catholic taxi driver shot
A Catholic taxi driver was shot and seriously injured in Belfast as hundreds of mourners attended the funeral in east Belfast of Catholic cabby John O'Hara, shot dead by a loyalist gang on Wednesday.

Archbishop enthroned

A huge congregation in Canterbury Cathedral broke into prolonged applause as Dr George Carey, a hospital porter's son from a working-class London family, was enthroned as 103rd Archbishop of Canterbury.

Husband guilty of rape

The first man to be found guilty of raping his wife while they still lived together was jailed for five years by Winchester Crown Court.

Boating disasters

At least 72 people, mostly Nigerians, died when a passenger ship capsized off Equatorial Guinea.

Meanwhile, the death toll in an Indonesian boating disaster rose to 63 after rescue workers had spent two days recovering corpses from an artificial lake in central Java.

Ten die in air crash

Ten people were killed and five seriously injured when an Air Tahiti aircraft crashed into the sea during an emergency landing in French Polynesia, officials said.

Astronaut set for launch

Britain's first astronaut, Helen Sharman, 27, will blast off into space on May 18, organisers of the Jules Verne mission said.

She will help Russian cosmonauts perform several scientific experiments during the eight-day mission.

Liverpool been fined

Soccer champions Liverpool will be allowed back into European competition next season, Uefa, European football's governing body, said. English clubs were banned from Europe in 1986 after 39 people died in rioting at Brussels' Heysel stadium before the European Cup final between Liverpool and Juventus. The ban on other English clubs was lifted last year.

Hammer falls on Bounty

Australia's sinking economy has forced the replicas of Captain William Bligh's ship Bounty to go under the auctioneer's hammer, its owners said.

The replica, built in 1978 by film-maker Dino De Laurentiis for the film *The Bounty* and bought by a consortium in 1986, will be auctioned in Sydney on June 20.

BUSINESS SUMMARY

Yugoslavia devalues dinar by 31%

Yugoslav prime minister Ante Markovic announced a 20.7 per cent devaluation of the dinar, to compensate for an excess in public spending over the past nine months equivalent to \$2.5bn.

The dinar, which will remain tied to the D-Mark, will be pegged at 13 dinars to DM1. It was 9.1. It is the second devaluation in four months. Page 2

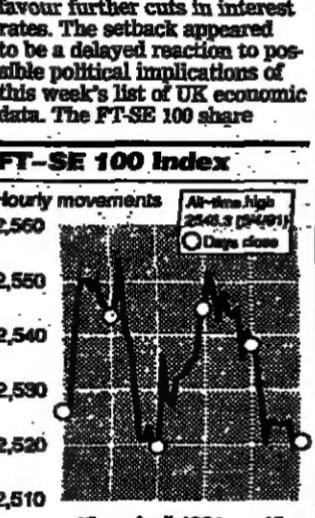
UK SALES of new houses
improved since interest rates began to fall in February. Wimpy Homes says sales are up by 10 per cent since the beginning of January, compared with the same period last year. Page 22

OPTEL, UK telecommunications watchdog, may bring out a document clarifying the government's policy because of confusion in the industry about last month's white paper. Page 22

HONG KONG: A group of ethnic Chinese property companies is considering mounting a HK\$600m (4.3bn) private-sector bid to build an international airport in the colony. Page 22

London EQUITIES gave ground on warnings that several central banks may not favour further cuts in interest rates. The setback appeared to be a delayed reaction to possible political implications of this week's list of UK economic data. The FT-SE 100 share

FT-SE 100 Index



index closed at 2,520.1, down 1.3 on the day and down 6 on the week. Lex, Page 22

London stocks, Page 13; Forward with Footsie, 22; London market's pause for thought, Page 5

US FUTURES: The Senate has passed a bill to reform futures markets and increase federal oversight of stock index futures. The bill tightens trading rules and strengthens the Commodity Futures Trading Commission. Page 3

CREDIT LYONNAISE, French bank, lifted annual net profits 1.5 per cent to FF73.7bn (\$28.8bn), overtaking fellow state-owned institution Banque Nationale de Paris as the country's second-largest bank in terms of profits. Page 19

CATERPILLAR, world's largest manufacturer of earth-moving equipment, announced a first-quarter net loss of \$22m (£18.5m), compared with \$20m net income in the same period last year. Page 10

INTERNATIONAL LEISURE GROUP: Unsecured creditors of the UK company's subsidiary ILG Travel, which went into receivership last month, can expect repayment of only 2p in the pound. Page 4

HAMMERSON, UK property company, saw a 22 per cent drop in its asset value on the sharp fall in world property values. Pre-tax profits fell by 6.1 per cent from £75.2m to £70.7m. Page 3

CONTENTS

Equities movements

London market's pause for thought

Editorial comment

The new consensus

Jobs in the News

Search for soccer fan with monetary goals

Edward Mortimer

West takes up the burden

Corporate performances

Queen's Awards

STOCK INDICES

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

New York luncheon

FT-SE 100

FT Ordinary

FT All-Shares

INTERNATIONAL NEWS

Yugoslav PM devalues currency by 31%

by Laura Silber in Belgrade

MR ANTE Markovic, Yugoslav prime minister, yesterday announced a 30.7 per cent devaluation of the dinar, amid rising opposition in the republics to the federal government.

Addressing the federal parliament, he defended his programme of economic and political reforms, but said the devaluation - the second in four months - would compensate for an excess in public spending over the past nine months equivalent to \$5.4bn.

The dinar, which will remain tied to the German D-mark, will be pegged at 13 dinars to DM1, up from 9.1.

Mr Markovic, criticised communist Serbia and Montenegro and the independence-minded Slovenia and Croatia, four of the six Yugoslav republics, for

blocking his stabilisation programme. He said his programme was responsible for the growth of exports, a \$2.4bn surplus in the balance of payments and the increase of hard currency reserves - which are about \$3bn - and the convertibility of the dinar.

His speech comes amid fears of an unlikely alliance between the governments of Serbia and Croatia to topple the prime minister. "The opponents of the reform process, who have completely different motives... have almost united and the decisive battle will take place in this building," he said in his televised speech.

He warned: "It is realistic to expect a return of inflation until conditions are created for carrying out the whole programme. The country is not in a position to bear one more attack of hyperinflation."

republics, the transformation of socially-owned property to private property and the restructuring of the banks.

The republics had exceeded planned public spending, raised wages and adopted laws which violated the federal constitution, and Serbia and Montenegro had illegally printed and issued banknotes, he said.

The policies were a result of "labour pressure or political structures which want to keep power or social peace," which increase inflation and decrease currency reserves, he said.

He warned: "It is realistic to expect a return of inflation until conditions are created for carrying out the whole programme. The country is not in a position to bear one more attack of hyperinflation."

Treuhand deal for Warburg

By David Goodhart in Bonn

S.G. WARBURG, the UK merchant bank, has been given the job of selling Interhotel, east Germany's luxury hotel chain, by the Treuhand privatisation agency.

Mr Piers von Simson, the Warburg executive in charge of the operation, says he is hoping to raise about DM3bn (21bn) from the sale of the hotels.

The Treuhand has so far made only limited use of investment banking expertise but J.P. Morgan provided help with the recent sale of east Germany's regional newspapers and Warburg was also involved in the sale of the retail chain Centrum to Kaufhof, Herde and Karstadt, three big west German groups.

Berlin building contracts for France, US

By Leslie Collett in Berlin

FRENCH and US companies have won contracts worth more than DM1.4bn (\$470m) to erect commercial and apartment buildings on a prime site in east Berlin.

The awards, by the Treuhand, the agency responsible for privatising east German companies, give a psychological lift to foreign companies seeking to compete in east Germany against a massive west German presence. The competition attracted 22 international investment groups. Final five bids were examined by a jury of officials and architects.

Tishman Speyer of New York, tackling its second big project in Germany after a skyscraper in Frankfurt, will build on the remaining site.

The three companies agreed to raise a half-completed building which sprawls over the three 18,000-sq metre properties

international hotel groups. Staffing in the hotels has already been reduced from 12,500 to 5,000 and there will be no strings attached regarding future employment for the purchasers, according to Mr von Simson.

The hotel group could buy the whole chain but it is more likely to be sold in four or five packages. Mr von Simson said that for some international groups the east German hotels could be a step into the west German hotel industry through arranging swaps with west German chains. Potential purchasers have to make their interest clear this month, and Mr von Simson hopes to have the sale arranged by the summer.

The 35 Interhotel hotels are among east Germany's prime commercial and property assets, and the sale is certain to attract most of the world's

and was begun in 1988 by the East German Centrum department store chain. They will reimburse the previous building costs of DM55m.

The Treuhand said it would quickly seek to "clarify" claims to ownership of 25 per cent of the site which it does not hold. Construction is not expected to begin before late autumn; completion is set for 1995.

Prospective builders in east Berlin and other east German cities have been dissuaded by the conflicting claims to ownership of properties offered for sale.

Way clear for Hungary property bill

A BILL to give limited compensation for property expropriated by the Communist regime in Hungary has overcome a crucial legal hurdle, clearing away damaging uncertainty over Hungary's privatisation programme, writes Christopher Bobinski in Warsaw.

The figures come as the IMF Board of Management has accepted a letter of intent which commits the Poles to maintaining tight monetary controls, to try to reduce the monthly inflation rate to 1 per cent by the end of the year.

Industrial sales fell 4.3 per cent in the first quarter compared with a year ago. Consumer prices grew by 25 per cent in the first three months of the year compared with the previous quarter, while incomes rose by 6.7 per cent.

In foreign trade the country had a \$2.6bn (15.67m) first quarter deficit, reflecting the collapse of Soviet sales as former Comecon countries switched to hard currency pricing.

At the same time the IMF has been told that Poland is determined to stick to the exchange rate fixed at the beginning of 1990.

"The general approach will be that the state will sell state property, and not give it back to original holders," said Mr Karoly Szabo, deputy director of the State Property Agency, the privatisation authority.

Reparation would be partial and financial, costing an estimated Ft100bn (275m) he said yesterday.

The complex law will be introduced in stages between December 1 1991 and January 1 1992. From April 1 1992, purchasers will have the right to leave superfluous packaging at the point of sale.

• The Bundesrat has blocked a bill designed to plug the loopholes in Germany's export controls which have allowed German manufacturers to play a large role in arming Third World dictators.

Packaging goes green in Germany

GERMANY yesterday passed a law to require packaging manufacturers and retailers to take back used bottles, cans, cartons and general packaging material, writes David Goodhart in Bonn.

Mr Klaus Töpfer, environmental minister, said that the law, which yesterday was passed by the Bundesrat (upper house), would reduce Germany's household rubbish from 30m to 18 tonnes a year.

Packaging manufacturers and retailers will have to mark with a green blob all products that can be returned. By 1995, this should apply to 80 per cent of packaging material.

The complex law will be introduced in stages between December 1 1991 and January 1 1992. From April 1 1992, purchasers will have the right to leave superfluous packaging at the point of sale.

• The Bundesrat has blocked a bill designed to plug the loopholes in Germany's export controls which have allowed German manufacturers to play a large role in arming Third World dictators.

Industrial sales down in Poland

INDUSTRIAL sales in Poland are continuing to fall, squeezing state sector profits as well as budget revenues, figures for the first three months of the year show, writes Christopher Bobinski in Warsaw.

The figures come as the IMF Board of Management has accepted a letter of intent which commits the Poles to maintaining tight monetary controls, to try to reduce the monthly inflation rate to 1 per cent by the end of the year.

Industrial sales fell 4.3 per cent in the first quarter compared with a year ago. Consumer prices grew by 25 per cent in the first three months of the year compared with the previous quarter, while incomes rose by 6.7 per cent.

In foreign trade the country had a \$2.6bn (15.67m) first quarter deficit, reflecting the collapse of Soviet sales as former Comecon countries switched to hard currency pricing.

At the same time the IMF has been told that Poland is determined to stick to the exchange rate fixed at the beginning of 1990.

"The general approach will be that the state will sell state property, and not give it back to original holders," said Mr Karoly Szabo, deputy director of the State Property Agency, the privatisation authority.

Reparation would be partial and financial, costing an estimated Ft100bn (275m) he said yesterday.

The complex law will be introduced in stages between December 1 1991 and January 1 1992. From April 1 1992, purchasers will have the right to leave superfluous packaging at the point of sale.

• The Bundesrat has blocked a bill designed to plug the loopholes in Germany's export controls which have allowed German manufacturers to play a large role in arming Third World dictators.

Boston International Equity Investment Fund, SICAV

Société d'Investissement & Capital Variable

Société sociale: 41, Blvd. Royal R.C. Luxembourg B 22226

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of BOSTON INVESTMENT FUND, SICAV shall be held at the Registered Office of the Company in Luxembourg, 41, Blvd. Royal on Friday, May 10, 1991 at 2 p.m. for the purpose of considering the following agenda:

1. To receive and adopt the Management Report of the Directors and the Report of the Audited Auditor for the year ended December 31, 1990.

2. To receive and adopt the Annual Accounts for the year ended December 31, 1990.

3. To release the Directors and the Audited Auditor in respect with the performance of their duties during the fiscal year.

4. To decide the appropriation of the earnings.

5. To appoint the Directors and the Audited Auditor.

6. To transact any other business.

The resolutions shall be carried by a majority of those present or represented. The shareholders on record at the date of the meeting are entitled to vote or give proxies.

Proxies should arrive at the Registered Office of the Company at least 48 hours before the meeting.

By order of the Board of Directors, Camille PAULUS Director

BOSTON EQUITY INVESTMENT FUND, SICAV

Société d'Investissement & Capital Variable

Société sociale: 41, Blvd. Royal R.C. Luxembourg B 22226

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of BOSTON INVESTMENT FUND, SICAV shall be held at the Registered Office of the Company in Luxembourg, 41, Blvd. Royal on Friday, May 10, 1991 at 2 p.m. for the purpose of considering the following agenda:

1. To receive and adopt the Management Report of the Directors and the Report of the Audited Auditor for the year ended December 31, 1990.

2. To release the Directors and the Audited Auditor in respect with the performance of their duties during the fiscal year.

3. To decide the appropriation of the earnings.

4. To appoint the Directors and the Audited Auditor.

5. To transact any other business.

The resolutions shall be carried by a majority of those present or represented. The shareholders on record at the date of the meeting are entitled to vote or give proxies.

Proxies should arrive at the Registered Office of the Company at least 48 hours before the meeting.

By order of the Board of Directors, Camille PAULUS Director

Confidence vote won by Andreotti government

THE new Italian government, headed by prime minister Mr Giulio Andreotti, yesterday gained its vote of confidence in parliament, despite the division of the small Republican party to vote against it, rather than abstain, writes Hale Simon in Rome.

Goskomstat, official statistics agency, said investment declined by 16 per cent, while labour productivity in the state sector was down 9 per cent. All comparisons are with the equivalent period last year.

The agency blamed the drops on disruptions to centrally planned links between enterprises, on unspecified "imbalances" in the economy and on industrial unrest.

It said imports had fallen by 4.1 per cent while exports had declined 18.4 per cent. A presidential decree to confiscate enterprises' hard currency earnings from January 1 has been a big disincentive to foreign trade. A switch to hard currency

Gloomy statistics underline Soviet decline

FURTHER evidence of the Soviet economic crisis was provided yesterday by statistics showing an 8 per cent fall in gross national product and a 33.5 per cent fall in foreign trade for the first quarter of this year, Leyla Bealton reports from Moscow.

Goskomstat, official statistics agency, said investment declined by 16 per cent, while labour productivity in the state sector was down 9 per cent. All comparisons are with the equivalent period last year.

The agency blamed the drops on disruptions to centrally planned links between enterprises, on unspecified "imbalances" in the economy and on industrial unrest.

Such figures come as little surprise, Soviet politicians having made extensive use of statistics in recent weeks to do battle both with the miners and with rebellious republics. The country's finance minister and central bank chief wrote to

settlements with eastern Europe has devastated business which once accounted for half the Soviet Union's foreign trade.

The output of oil, the country's main hard-currency earner, fell 9 per cent to 132m tonnes, continuing a persistent decline. Gas output was unchanged, while coal production was down 11 per cent from that of the first quarter of 1990.

A Goskomstat official also rectified an earlier report, in the government daily Izvestiya, that coal production had fallen by 82 per cent in March alone. He said the true figure was an 18 per cent drop in March, the first month of the miners' strike.

Such figures come as little surprise,

Soviet politicians having made extensive use of statistics in recent weeks to do battle both with the miners and with rebellious republics. The country's finance minister and central bank chief wrote to

President Mikhail Gorbachev this month demanding action to force budgetary contributions from independent-minded republics.

They said the budget deficit for the first quarter of this year was expected to reach RRs1.1bn (£10.68bn) - more than the RRs26.7bn deficit planned for the entire

year. Goskomstat put the budget deficit in the first quarter at RRs26.9bn.

The agency also revealed an inflation rate of 22 per cent in the 12 months to the end of March, before swinging state retail price increases came into effect on April 2.

On Monday, Mr Valentin Pavlov, Soviet prime minister, is to defend in parliament an anti-crisis programme whose avowed aim is to stop "economic chaos and collapse", but this is unlikely to begin to take effect unless the central government reaches a political settlement with republican leaders.

Such figures come as little surprise,

Soviet politicians having made extensive use of statistics in recent weeks to do battle both with the miners and with rebellious republics. The country's finance minister and central bank chief wrote to

President Mikhail Gorbachev this month demanding action to force budgetary contributions from independent-minded republics.

They said the budget deficit for the first

quarter of this year was expected to reach RRs1.1bn (£10.68bn) - more than the RRs26.7bn deficit planned for the entire

year. Goskomstat put the budget deficit in the first quarter at RRs26.9bn.

The agency also revealed an inflation

rate of 22 per cent in the 12 months to the

end of March, before swinging state retail

price increases came into effect on April 2.

On Monday, Mr Valentin Pavlov, Soviet

prime minister, is to defend in parliament

an anti-crisis programme whose avowed

aim is to stop "economic chaos and col-

lapse", but this is unlikely to begin to

take effect unless the central government

reaches a political settlement with republi-

can leaders.

Such figures come as little surprise,

Soviet politicians having made extensive use of statistics in recent weeks to do battle both with the miners and with rebellious republics. The country's finance minister and central bank chief wrote

JPI/col 5D

jet decline

INTERNATIONAL NEWS

Iraq admits to chemical warheads for its Scuds

By Michael Littlejohns, UN Correspondent, in New York

IRAQ has disclosed that it has chemical warheads for its Scud missiles, although none of them was apparently used during the Gulf war.

In a report to the United Nations, Iraq admits to having more than 50 Scud-type missiles and a large arsenal of chemical weapons – including Scud warheads – but claims to have no nuclear arms nor the means to make them.

The report was delivered in response to the Security Council's ceasefire resolution, which ordered the destruction under UN supervision of all of Iraq's most dangerous weapons.

Previously, neither western nor Israeli officials knew whether Iraq had chemical warheads for its Scuds, although it was known to have chemical bombs and artillery.

Orders to kill policy alleged

By Victor Mallat

TROOPS in Iraq's northern province of Dohuk were ordered to surround and government demonstrators, shoot dead 55 per cent of them and interrogate the rest, according to an Iraqi document made public yesterday by the Kurdish Democratic Party (KDP).

The document, dated March 5, is a nine-point plan to deal with unrest apparently issued by the province's head of security. KDP officials would not say how their guerrillas had obtained it but insisted it was genuine.

The order says all Iraqi officers should report immediately for duty with their weapons if they hear of demonstrations.

"In the event of opposition demonstrations, close off all accesses and roads to these groups and control the positions which overlook their positions."

After implementing the above and surrounding the enemy elements, armed force should be used according to central command instructions to kill 85 per cent of them, leaving the remainder for interrogation."

There was an uprising in Dohuk – along with the rest of the Kurdish and much of southern Iraq – in early March, after the defeat of the Iraqi army in Kuwait at the end of February. But the Iraqi government had recaptured many of the towns in Kurdistan by the start of this month.

The Iraqi order also tells commanders to return fire against any "terrorist elements" trying to protect demonstrators, and mentions a "technical department", assumed by opposition groups to be responsible for torture.

The KDP, meanwhile, said yesterday that large numbers of pro-government Iraqi Arabs had been moved into Kurdistan as part of an escalation of the province's attempts to "Arabise" the area.

"Kurdish homes are being occupied and in many cases looted and destroyed by these tribesmen," it claimed.



Mr Shamir (right) has a few quiet words with Mr Baker in Jerusalem yesterday

Israelis play for time on Baker plan

By Hugh Carnegy in Jerusalem

MR JAMES BAKER, the US secretary of state, proposed ways of overcoming obstacles to an Arab-Israeli peace conference in intensive talks in Jerusalem yesterday. Israeli leaders, clearly wary of the approach, asked for time to consider his suggestions.

After winning conditional approval for a regional conference that would launch bilateral negotiations on two previous Middle East shuttles in the past six weeks, Mr Baker yesterday began the difficult task of reconciling important differences between Israel and the Arab side on how the conference should be structured.

Although both sides declined to give details, it was clear Mr Baker's talks, first with Mr David Levy, the foreign minister, and later with Mr Yitzhak Shamir, the prime minister, had been tough. An Israeli spokesman described them as "very intense".

A State Department statement said Mr Baker had put suggestions to Mr Shamir and Mr Levy on how to bridge the gap between them and the

Arabs on a number of issues. Israel has so far rejected Arab insistence that the conference should be based on UN resolutions 242 and 338, which call for it to give up occupied Arab territory, that it should have some umbrella function in the subsequent bilateral negotiations, and that it should include a role for the European Community.

Israel also wants the Palestine Liberation Organisation excluded from even an indirect part in the talks.

Washington has all along favoured a "land for peace" settlement and is prepared to give the EC some "association" with the negotiating process. Mr Baker is likely to have pressed the Israelis to accept a formula including some reference to the UN resolutions and to stop recent moves to expand Jewish settlement in the West Bank and Gaza Strip, which have enraged the Arab side.

He will meet a Palestinian delegation in Jerusalem today before moving on to Jordan, Egypt, Syria, Saudi Arabia and Kuwait. He returns next week.

Commander says UN border team will take weeks to arrive

By Mark Nicholson in Kuwait City

THE FIRST of 300 UN military observers will be in place on the Iraq-Kuwait border by the middle of next week, Major General Gunther Greifeld, who heads the mission, said yesterday. However, it would be several weeks before the whole 1,440-strong United Nations Iraq-Kuwait Observer Mission (Unikom) was in a position to take full control of the border zone, the precondition for a complete US military withdrawal from the area.

Gen Greifeld added that his force would not assume responsibility for the 15,000 Iraqi refugees at present housed in two camps inside the eventual demilitarised zone, which will extend 10km into Iraq and 5km into Kuwait.

Kuwait pledge on rights abuses

By Our Foreign Staff

KUWAIT admitted yesterday that its citizens might have committed human rights abuses against suspected collaborators after the rest of Iraq's occupying army.

However, it said law and order had been restored and offenders would be brought to justice.

Mr Suleiman Mutawa, the planning minister, denied in an interview with the BBC that human rights violations were continuing unchecked.

He was responding to an Amnesty International report which said that arbitrary kill-

ing, arrest and torture of people in Kuwait, mostly Palestinians suspected of collaborating with Iraq, was continuing.

Asked if Palestinians could feel safe in Kuwait, Mr Mutawa said: "Yes, I think, and I am sure, the majority of the Palestinians will, and ought, to feel safe and secure."

He said he had not yet discussed questions such as whether Iraqi police would be permitted to carry weapons, but that his decision would be final.

Gen Greifeld also made clear that the UN force had no authority to defend the refugees from Iraqi retribution, which many fear will follow the departure of US troops.

"The Security Council has given no mandate that the Unikom observers – who are unarmed – or the infantry

coming with them, can take any physical action," he said.

The 500 infantrymen who will form part of Unikom will be solely responsible for defending the military observers, he said.

Iraq and Kuwait will be entitled to police their territory within the demilitarised zone, but Gen Greifeld said he had still to discuss details with both sides. "The guiding principle is that they can only establish a presence which is essential to restore law and order," he said.

He said he had not yet discussed questions such as whether Iraqi police would be permitted to carry weapons, but that his decision would be final.

Mr James Baker, secretary of state, at present in the Middle East, will visit Kuwait next Monday. The addition of Kuwait to his itinerary was widely interpreted as a sign of growing US anxiety at the slow pace of reconstruction after the Gulf War.

The State Department said: "The situation by most accounts in Kuwait is very

much improved over what existed some weeks ago."

It said Kuwait's crown prince, Sheikh Saad al-Sabah, had personally looked into many allegations of human rights abuses and had overseen many changes for the better.

The US responded to the Amnesty report by saying the human rights situation in the emirate had improved drastically in recent weeks.

The State Department said: "The situation by most accounts in Kuwait is very

US Senate approves futures reform

By Deborah Hargreaves

THE GOVERNMENT was urged by the Commons energy committee yesterday to assume legal liability for abandoned North Sea oil platforms.

In a report published yesterday the committee raised the controversial issue of what oil companies should do with their platforms when the oil has run out. The subject will become more pressing as several big North Sea oil fields start to run dry. The committee called on the government to be more flexible in its approach to the question of abandonment.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

The Senate approved a "50-per-cent test" to have products that are valued as mostly securities trade on stock exchanges, and those that are mostly futures trade on futures exchanges.

The bill, tightening trading rules and strengthening the Commodity Futures Trading Commission, passed easily.

Its main parts would impose sweeping reforms on futures trading and exchanges, increase market surveillance, and transfer oversight of stock index futures margining to the Federal Reserve.

The issue which pitted the securities industry against futures, and the Securities and Exchange Commission against the CFTC was whether new products similar to stock index futures should trade as securities or futures.

UK NEWS

Comet wins judgment against BSkyB

By Raymond Snoddy

COMET, Kingfisher Group's electrical retailer, yesterday won a summary judgment against British Sky Broadcasting for breach of contract over last year's merger of BSF and Sky Television.

Mr Justice Phillips found in the High Court that a contract Comet had signed with British Satellite Broadcasting in March 1990 could be carried out only if BSF continued to run a satellite television service in competition with Mr Rupert Murdoch's Sky Television until the beginning of February 1991, the period covered by the contract.

BSP and Sky merged at the beginning of November 1990.

Mr Justice Phillips said yesterday: "The inference is overwhelming that BSF would continue to play their part in the joint venture of promoting the DBS [direct broadcast from the Marco Polo satellite] system at least until the end of this period."

The court awarded Comet an interim payment of £185,000, with the remainder of the claim to be assessed at a future hearing. Comet is claiming about £10m in damages.

Mr Nigel Whitaker, deputy chairman of Kingfisher, said: "The verdict vindicates the strong stance we have taken." Mr Gary Davey, deputy managing director of BSkyB — in which Pearson, publisher of the Financial Times, has a significant stake — said the satellite company would appeal against the judgment.

Under the contract with BSF, Comet said it would order a minimum of 50,000 satellite receivers before February 2 1991 and would schedule a further 50,000 for later delivery, with BSF meeting some of the interest costs. The plans also included a joint promotional campaign. Comet said it received a letter on November 8 last year from the newly-merged company instructing it "to suspend all further sales of BSF reception equipment and installations and all BSF promotions in store."

Mr Justice Phillips said the actions taken by BSkyB on November 6 "could not have been more directly hostile to the contractual adventure".

The judge said he simply had to decide whether there was an implied obligation to continue running the service and that it persisted until the breach of the contract. "I find that it did," he said.

Lawyers for BSkyB argued

there was no express commitment to keep running a service, and this could not be implied.

Dixons, the electrical retailer, has also been consider-

suing BSkyB. The company will now review its position following the "Comet

Judgment, but it is thought unlikely to issue writs over its losses on the venture.

All the manufacturers of

BSB receiving equipment have issued writs against BSkyB claiming damages.

Hurd and Waldegrave defend 'firm' Major

By Ivor Owen, Parliamentary Correspondent

MR DOUGLAS HURD, foreign secretary, yesterday led an attempt by senior ministers to shrug off criticism of Mr John Major, the prime minister, from within the Conservative party and from people associated with Mrs Margaret Thatcher, his predecessor.

Mr William Waldegrave, health secretary, and Mr Tristan Garel-Jones, EC affairs minister, joined a concerted attempt to undermine the strengths and electoral appeal of the prime minister.

In a phrase couched in terms to emphasise the improved atmosphere Mr Major has created in the cabinet room, the foreign secretary highlighted "the style of firm, reasonable leadership now established in Downing Street".

The chorus of praise which Mr Major received from his ministerial colleagues came as Labour leaders renewed their attack on the continuing "dithering" and confusion over the government's plans for replacing the poll tax.

Mr Hurd likened the events which led to the departure of Mrs Thatcher from Downing Street last November to an earthquake. He compared the criticism of Mr Major to "small tremors of after-shock".

Mr Hurd told a Conservative supper club at Princes Norton, Oxfordshire, that the tremors had been "over-recorded" in the press. He insisted that "I do not believe they are of the least significance in the minds of the electorate".

Giving examples of Mr Major's firm and reasonable leadership he

dismissed the attacks made on Mr Major by Mr Patrick Robertson, the 22-year-old secretary of the Bruges group, an anti-federalist body, and Sir Alan Walters, former economic adviser to Mrs Thatcher.

The foreign secretary doubted whether anyone would "seriously believe that the opinions of either would, or should, weigh even slightly in the balance of judgment at an election".

Giving examples of Mr Major's

sterling's entry into the exchange rate mechanism of the European Monetary System, the proposal for creating "safe havens" for the Kurds in northern Iraq, and the handling of the poll tax.

Meanwhile, Mr Bryan Gould, shadow environment secretary, renewed Labour's charge that Mr Major lacked flair and decisiveness. Forecasting that the new local tax to be unveiled next week would be "a dog's breakfast", he suggested that Mr Major's inability to exert his

authority meant that it was "the product of a committee without a chair".

Mr Gould warned that the new local tax would be a "yuppies charter" if it was based on the replacement value rather than the capital value of property.

It could mean that a single millionaire working in the City and with a luxury penthouse flat in Mayfair would pay much less than a large poverty-stricken family struggling to survive in a rundown area,

Some ILG creditors to receive 2p in £

By David Churchill, Leisure Industries Correspondent

UNSECURED CREDITORS of the International Leisure Group's subsidiary ILG Travel, which went into receivership last month, can expect repayment of only 2p in the pound when the company is wound up.

The creditors, who range from Spanish hoteliers to jobbing printers, were told the news at a meeting in London yesterday by KPMG Peat Marwick McLintock, the administrators.

Mr Tim Hayward, who held the meeting with fellow administrator Mr Bill Ratford, said: "The picture is bleak, and it will be a considerable time before any dividend can be paid."

Mr Harry Goodman, ILG's chairman at the time of the collapse was not at yesterday's meeting, and his whereabouts are uncertain.

The administrators, who are still sorting out ILG's finances some six weeks after the collapse, believe that liabilities could amount to more than £400m.

Assets are unlikely to realise more than £10m, they said.

Yesterday's creditor meeting was for ILG Travel, the main holiday subsidiary of the ILG group which traded under names such as Intasun and Club 18-30.

Air Europe, the charter and scheduled airline service operated by ILG, is also in receivership, but the administrators are still hoping to find a buyer for the airline or some of its assets.

They have already sold ILG's interests in its Italian, German and Spanish airline affiliates.

The umbrella company International Leisure Group and its holding company, Hudson Place Investments, are also in receivership, and further creditor meetings will be held shortly.

Some 1,550 staff in the travel companies and 1,970 airline staff have lost their jobs since the collapse. A further 250 staff are helping the administrators.

The administrators have already sold some of the ILG Travel assets, including the Club 18-30 brand name.

However, under the rules of the Association of British Travel Agents the new owners cannot yet call their company by this name. Instead they have launched a holiday company called The Club which will target the same market.



Bleak prospect ahead for creditors: Tim Hayward (left) and Bill Ratford of KPMG

Dan-Air buys ex-Air Europe jet

By Paul Beavis, Aerospace Correspondent

DAN-AIR, the Gatwick-based carrier owned by Davies & Newman Holdings, has acquired one of the former Air Europe Boeing 737-400 aircraft to provide additional capacity for its expanding airline and charter business.

Mr James said he believed the company could achieve this with its available resources. But he confirmed the group was considering a new capital funding to give Dan-Air greater strength for the future. The company is understood to be seeking about £30m.

Dan-Air has applied to the Civil Aviation Authority for several new European routes, including many previously

operated by Air Europe. That is part of its strategy of becoming the leading short-haul European scheduled airline operator based at Gatwick.

Although the collapse of Air Europe had given Dan-Air the opportunity to grow by expanding its European route network, Mr James warned that the loss of Air Europe had revived the argument over how much competition is a help or hindrance to the health of the aviation industry in general.

Mr James said that while he favoured competition, he was opposed to "destructive competition" which effectively prevents any one company achieving financial stability.

The boardrooms of UK building societies — traditionally among the most static in the financial sector — appear to be succumbing to the rash of big pay rises for two reasons.

THE BLUE ARROW TRIAL

Deal was County's 'throughout'

Investment Bank, UBS Phillips & Drew Securities and seven individuals deny conspiring to mislead the market over the outcome of the £337m issue.

Mr Dale said he could not remember how he was first told of the holding being taken by CNWS. He could not recall being told by Mr Peter Rimmell, CNWS chairman, that they

Court report by John Mason

were being forced to take it, he said Mr Alan Jones QC for Mr Stephen Clark, a County director and one of the defendants.

The first he knew of another stake held by County and of an indemnity covering the further holding taken by Phillips & Drew was on December 17, he told the court.

"It was and a very large number of these shares ended up with CNWS," he said.

"The transaction was seen by me as a County NatWest transaction," he said.

County NatWest, NatWest

and Peat, he had no concern

over possible breaches of disclosure rules or the possibility as a concert party.

His main concern was how CNWS was managing the position, he told Mr Anthony Hooper, QC for Mr Reed, the defendant concerned about disclosure only on December 17, when County publicly announced a 5.5 per cent holding in Blue Arrow.

Mr Raven said he was excluded from the meeting on September 29 when CNWS agreed to take the shares. Mr Rimmell had later said it was better he did not know what had happened, he said.

Mr Raven agreed he was paid a total of almost £1m in less than a year as deputy managing director.

The first he knew of another stake held by County and of an indemnity covering the further holding taken by Phillips & Drew was on December 17, he told the court.

"It was and a very large number of these shares ended up with CNWS," he said.

"The transaction was seen by me as a County NatWest transaction," he said.

Then CNWS deputy managing director, said that after hearing of the stakes held by CNWS and Peat, he had no concern

Serious money for society chiefs

By Richard Waters

BUILDING society bosses have discovered the world of serious money.

Mr Andrew Longhurst, chief executive of Cheltenham & Gloucester, saw his earnings jump by 48 per cent in 1990 to £265,079.

That took him to the top of the earnings league for building society chief executives, and almost within spitting distance of the investment bankers who are the financial world's biggest earners.

The earnings of two other society chief executives last above £200,000 last year — one of the toughest on record for the UK mortgage market.

Big pay rises were also evident further down the scale.

The figures are taken from the latest annual reports of the societies. In all cases, the chief executives are the highest paid directors in their respective societies — unlike other industries where star salesmen or bosses of highly profitable subsidiaries can earn more than the group chief.

The earnings of UK building societies — traditionally among the most static in the financial sector — appear to be succumbing to the rash of big pay rises for two reasons.

First, bonus-related pay has increased in building societies in recent years, and accounts for the big pay rises at C&G and Bristol and West. C&G's profit rose by 35 per cent last year and Bristol & West's by 30 per cent in a tough year for the group chief.

Mr Peter Birch of Abbey National, a building society until two years ago, received a 1 per cent pay rise to £31,000 last year.

But even the new super-savers pale in comparison with Mr Richard Lacy. As chief executive of National Home Loans, a specialist mortgage company, he was paid a thump of £255,000 in 1988. Last summer he resigned.

Lessons for teachers in pay review history

Michael Smith examines the implications of Clarke's attempt to outlaw strike action

History of antagonism

1986: Teachers' Remuneration Act puts teachers' pay on statutory footing.

Burnham Committee set up to negotiate for local authorities.

Three-year negotiated agreement.

1988: Teachers take first national strike action.

1989: Negotiated settlement and agreement to set up all-party inquiry into teachers' pay, the Hougham Inquiry, which sets teachers' salaries at 137 per cent of average earnings.

1990: Arbitration becomes of anomalies of Hougham.

1991: Negotiation of pay settlement and referral to Clegg Commission, a standing committee for comparability.

1992: Clegg Commission improved teacher pay to 128 per cent of average earnings after it had fallen back to 112 per cent.

1993: Industrial action and arbitration.

1994: Industrial action and negotiation.

1995: Industrial action and negotiation.

1996: Burnham Committee replaced by the non-negotiating teachers' Advisory Committee.

that he was expecting teacher unions to abstain from strikes as a *quid pro quo* for establishment of a review body, even though they would not be expected to sign no-strike agreements. He indicated that he would withdraw the review body if there were strikes.

Mr Doug McAvoy, general secretary of the NUT, says there will be neither "silent assent" [as demanded by Mr Clarke] or "voiced assent", and dismisses Mr Clarke's threat as "hot air". The government reasons, with some justification, that the NUT is unlikely to order a ballot in the near future over the principle of a review body, and may find it

difficult to do so in future years to protest against decisions made by an independent review body.

The other five unions concerned would find it even more difficult, having given the review body a cautious welcome, although their attitude would be tempered by whatever constraints the government put on the review body.

From the government's point of view, the prospect of an end to industrial disputes in the teaching profession, the government can claim that it has made a start to improving teachers' status by giving them pay arrangements similar to those of doctors, dentists, nurses, the armed forces

and high-level public servants already covered by review bodies. If that also implies increasing salaries, the government may reason that higher rises for teachers implemented through an independent review panel would fuel the expectations of other public sector workers less than if achieved through negotiation.

The bill is expected to become law by the autumn, in time for next year's pay settlement. Some local-authority employers feel that an agreed settlement with the teachers would otherwise have been impossible next year because of the combination of cash restrictions and teachers' expectations. Other local authorities fear that the government will refuse to pay the full cost of teachers' pay settlements in future, expecting the balance to come from other council budgets.

This assumes that school education remains the responsibility of local authorities — and that it by no means certain. One council negotiator reasons that if the government's intention was merely to raise the status of teachers and end industrial disputes, it would also have included university lecturers in the review body's ambit.

His conclusion — and that of many others in local government — is that the review body could be a prelude to all schools being taken out of local authority control. After all, if councils did not fund schools there would be no point in local-authority negotiators deciding pay, as the withdrawn bill envisaged.

Indications as to whether

this formed part of Mr Clarke's thinking may appear on Tuesday when the government publishes consultation documents on local government.

BRITISH COAL can be confident about its future, Mr Neil Clarke, the recently appointed chairman, said at his first meeting with mining union leaders yesterday.

The company's improved record on productivity and cost control was very encouraging, Mr Clarke said at separate meetings with the National Union of Mineworkers (NUM) and the smaller Union of Democratic Mineworkers.

Chemical jobs boost

MTM, ONE of the fastest-growing chemical companies in the UK, yesterday announced plans to double its investment at its recently open plant at Teesside, Cleveland, to £100m.

APRIL 20 APRIL 21

FINANCIAL TIMES WEEKEND APRIL 20/APRIL 21 1991

5

Major throughout society ch... 14 DIRECTORS Electric actions of action Triple Air Miles on British Airways flights.

(Or, the more you fly, the more
you fly, the more you fly.)

BRITISH AIRWAYS

The world's favourite airline.

Wherever you're going you could go even further with British Airways.

As part of the World's Biggest Offer British Airways will be rewarding regular flyers (on selected fares) with a suitably colossal number of Air Miles.*

So, the more you fly, the more Air Miles you can collect to redeem against travel on British Airways, so the more you fly.

This is the first time we've run a reward scheme for our regular passengers across our whole network of over 150 routes, and it's called Air Miles Latitudes.

To get it off the ground, we've put together two rather special introductory offers.

First, we'll give you one hundred bonus Air Miles simply for registering your name, using the form below, or at your local travel agent, and flying on any eligible British Airways fare before May 31st.

And second, each time you travel to any British Airways destination around the globe before June 30th we'll triple the Air Miles due to you.

Which means, with one Club World return flight to, say, New York, you could pick up enough Air Miles for a free ticket from London to, say, Geneva, Bordeaux or Hanover. Or you could even use them towards booking a British Airways Leisure Traveller holiday.

It's a big incentive. But then what do you expect from the World's Biggest Offer?

I accept the British Airways' invitation to join the Air Miles Latitudes programme.

Please complete in BLOCK CAPITALS

Title (Mr/Mrs/Miss etc.) Middle Initial

First Name Last Name

Company Name (if any)

Occupation/Job Title

Home Address

Town/City

County

Postcode

Phone No. (.....).

Business Address

Town/City

County

Postcode

Phone No. (.....).

Which is your preferred mailing address? Home Business

How many times have you travelled internationally by air on business or leisure in the last 12 months?

Business Leisure

Are you already a member of a British Airways Club? Yes No

If so, please enter your Club Membership.

It will not affect your eligibility for the programme if you fail to provide information other than your name and residential address.

Signature Date

British Airways, its subsidiaries and marketing partners would like to keep you informed of developments in our services. If you do not wish to receive this information, please tick here If you have responded to recent British Airways promotions you may also receive further details of this offer separately.

Please return to: Air Miles Latitudes, Dept GWC, FREEPOST, PO Box 616, Swindon SN2 6SR. (Please allow 14 days for delivery).

APT

THE WORLD'S BIGGEST OFFER.

*The Air Miles Latitudes programme is subject to government approval. One application per person. Applicants must provide a full UK residential address. Redemption of Latitudes Air Miles will be in accordance with the current terms and conditions of Air Miles Travel Promotions Ltd. Copies of full programme rules and details of the fares included may be obtained by sending a SAE to: "TWBO Latitudes" British Airways, PO Box 10, Heathrow Airport, Hounslow, Middlesex TW6 2JA.

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 822186 Fax: 071-407 5700

Weekend April 20/21 1991

The new consensus

THE COINCIDENCE of the publication of the Labour party's new manifesto with the elevation of Sir Terence Burns to permanent secretary in the Treasury and the largest ever monthly increase in UK unemployment says much about the current consensus in British macroeconomic policy. As the government's chief economic adviser, Sir Terence has done as much as anyone can to form the view that the Labour party now accepts the monthly jump of 113,000 in unemployment reflects.

The economic policy establishment has, in the Labour party's words, embraced the aim of "getting interest and inflation rates down to German and French levels and keeping them down". It has also embraced the means, sterling's participation in the ERM. The UK is, by implication, committed to accepting whatever level of unemployment is required to push not the headline rate of inflation, but the underlying rate, down to some 2-3 per cent a year.

It was not always thus. In 1979-81, when the government was trying to follow targets for broad money, Sir Terence was intellectually beleaguered. In March 1981, the notorious letter from 364 university economists asserted *inter alia* that "present policies will deepen the depression, erode the industrial base of our economy and threaten its social and political stability".

At the time unemployment was 2m, not very different from today's 2.1m and the economy was, as now, in deep recession. Yet this time no howls of complaint come from the universities. In a remarkable reversal of roles, protests come not from 364 Keynesians, but from six monetarists – including Sir Alan Walters, Mrs Thatcher's former economic adviser – in another celebrated letter, that to the Times on February 13 this year.

Should one conclude that British economists do not care about recessions, so long as they are brought about in the approved way? Did the 364 economists merely think monetarism intellectually contemptible and the six judge the ERM despicable, while neither side cares about what is happening to the economy?

Converging views

One should not be quite so cynical. Views have not only changed, but converged. Far more British economists would now accept that macroeconomic policy cannot target real activity. On this, the Treasury has largely won the debate. For its part, the Treasury – but not all the erstwhile mon-

etarists – has abandoned its faith in monetary control and embraced once more that long-standing object of British affection, an exchange-rate-oriented monetary regime.

The Treasury is, to be sure, always right at the time. But it is not always right in retrospect. Its attempt to stick to broad money targeting in the early 1980s led to the deepest recession since the Great Depression. The Treasury's abandonment of such targeting in favour of the exchange rate has led, in the end, to what is likely to be the second deepest recession since the Great Depression.

Stagflationary swamp

One can only hope that this time the Treasury knows what it is doing. If it does and governments persist, it offers salvation. But first it offers blood, sweat, toil and tears. With producer price inflation at 6.3 per cent for the third month in a row, underlying earnings up 9% per cent over the year to February, unemployment rising at an annual rate of a million over the past quarter and manufacturing output down 4.5 per cent between the latest quarter and the same quarter of a year ago, the UK is deep in the stagflationary swamp.

The new consensus says this is inescapable. It also says that growth is to come from micro-economic adjustment. Unfortunately, here there is ground for pessimism, since the key market is, as always, the UK's most sclerotic, that for labour.

Notwithstanding all the reforms of the Thatcher era, a rise in unemployment of almost half a million has so far lowered the underlying rate of inflation of earnings by a mere percentage point. The price of attaining inflation at German levels may be rates of unemployment stuck at in France and Italy, at 10 per cent or still more for years. This is depressing enough. Still more depressing is in the Labour party's suggested response: a minimum wage, ultimately of two-thirds of the median male hourly rate.

Fortunately, not all the Labour party ideas are this indefensible. If the UK is to make a success of its new consensus on economic policy, it does need some sort of National Economic Assessment. But the best way would, once more, be the German one via outside economic advice from well-financed economic research institutes. Then the twists and turns of Treasury policy would be subject to the external critique that they patently need, and the next change in policy might, for once, not be a lurch, but something rather smoother.

WANTED: bright, pragmatic economist, with nose for political issues and proven organisational abilities. Should be a workaholic and may have to take a salary cut. Interest in London soccer clubs an advantage. This job description, or one very like it, is being discreetly circulated through the financial world in a bid to find a new government chief economic adviser. The post at the Treasury became vacant this week following the appointment of Sir Terence Burns, the current incumbent, as the youngest permanent secretary at the Treasury for 50 years. Sir Terence, aged 47, is taking up his new job early next month in place of Sir Peter Middleton, who is leaving to become a deputy chairman at Barclays Bank. Although the Treasury said yesterday that an early announcement was unlikely, the government will probably not want to leave vacant for long the position of what amounts to its top economist. Providing top-quality economic analysis – and the policy recommendations which flow from this – has become all the more important in recent months as Britain has slid into its most serious recession for a decade. Just how bleak the next few months may be was illustrated this week when the government announced the biggest monthly unemployment rise on record, bringing the jobless total to more than 2m.

Sir Terence is a highly practical northerner, with little interest in economic dogmas. He was recruited to the Treasury in 1980, from a career in economics forecasting and consultancy at the London Business School – over the heads of several established Whitehall insiders.

The succession to Sir Terence presents ministers with an interesting dilemma. Will the government appoint someone in Sir Terence's own mould – an outsider but with the "people skills" both to get on with ministers and run the Treasury's 100-strong econo-

This week the London stock market appeared to take a breather. As measured by the FT-SE 100 index it just failed to emulate the record-setting form of Wall Street's Dow Jones Average, which closed above the 3,000 resistance level on Wednesday.

In April the UK stock market has been consolidating its sparkling first-quarter gains. When the Footsie recorded its all-time closing high of 2,945.3 on April 5 it was showing an improvement of some 19 per cent since the turn of the year.

Stockbrokers have celebrated the strong leap in turnover. In recent weeks the London market has often been trading 500m or 600m shares daily, whereas last autumn 400m represented a good day. Brokers sense a sea-change: "This is business as usual, whereas the past couple of years have been quite abnormal," says Mr Bill Smith, head of UK equity research at Barclays de Zoete Wedd.

Interestingly, however, the broad measure of the London equity market, the FT-Actuaries All-Share Index with currently 666 constituents, has moved narrowly so far to breach its old high of July 1987. It was within 0.7 per cent of that peak on Wednesday, but as much as 24 per cent short if you allow for inflation since 1987.

These inflation-adjusted figures put the share price surge into some perspective, and they serve to moderate the impression that the stock market is booming in the middle of the worst recession in a decade. Indeed, the statistics of the economic setback this week appeared to give investors pause for thought: the lure of lower interest rates is no longer enough to overcome the fears of damage to companies.

Moreover the rise in share prices in recent months has attracted a big flurry of new share issues. On Tuesday, for example, Hanson launched a £250m convertible bond issue and there have been several other sizeable offerings during the week. Already in mid-April the total of rights issues is approaching the 2.24bn recorded for the whole of 1990. In addition there has been a 1.5bn-plus wave of placings by companies of share stakes as they attempt to turn strategic holdings and platform into cash.

Rising share prices have only a partial domestic explanation. Above all, the strength of the UK equity market this year has been part of an international phenomenon, founded upon Wall Street. It has not been the recovery hopes of British investors that have been paramount, but rather those of American share buyers.

From a global point of view the UK market in fact turned in only a slightly above-average performance in the first quarter, on the basis of the FT-Actuaries World Index series expressed in local currencies. With a 15.4 per cent capital gain up to March 31 the UK was behind France but a

Wall Street has not seen a week like it for a long time. The Dow Jones Industrial ended above 3,000 for the first time, and both the Standard & Poor's 500 and the Nasdaq Composite also closed at record highs this week. On three consecutive days trading volume exceeded 200m shares, and a volume of broking firms announced massive increases in first-quarter profits.

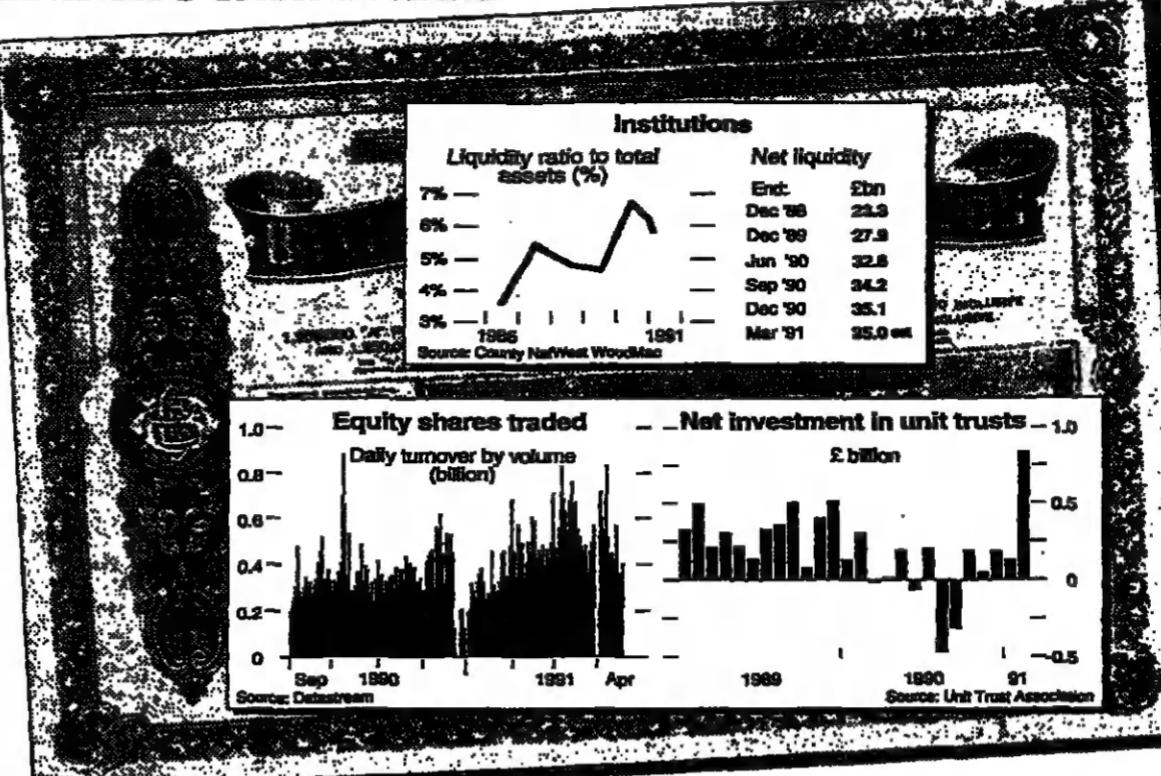
It is individual American investors, not Wall Street's money men, who deserve most of the credit for rewriting the record book and wiping the red ink from brokers' balance sheets. The surge in demand for stocks from the small investor has powered the market's rally in 1991.

A lot of new money from private investors has been pouring into the mutual funds. Mr Michael Hines, a vice-president at Fidelity Investments, the biggest fund management group in the US, said last week: "The amount of new business coming into our funds has been high – something in the order of two to three times what it was a few months ago."

The Stock Exchange is consolidating its first-quarter gains, writes Barry Riley

London market's pause for thought

LONDON'S CASH IN HAND



little ahead of the 14.1 per cent of the US and the 13 per cent of Japan.

If you allow for the relative strength of the dollar and the yen, the US slips down the league table in sterling terms. Wall Street scored a 26 per cent gain and Tokyo was up 20 per cent in the three months.

The US is some way ahead of Britain in its economic cycle. Interest rates have been falling there for much longer, and have fallen much lower. Hopes of an early economic recovery are therefore more realistic, although it has to be said that the ratings of US

stocks have become ambitious.

In the UK the year opened with British shares fairly cheap by international standards, but with investors badly worried by the imminent Gulf war and by the domestic economic problems. At the same time, British investment institutions were becoming nervous that their high levels of liquidity might leave them vulnerable should the market turn up. At the end of 1990 pension fund portfolios were liquid to the extent of 7 or 8 per cent, the highest level for years. Altogether the long-term institutions had about

£35bn sitting on the sidelines.

The scene was therefore set for the triggering of an institutional buying panic. As the allies stormed through the desert, and Wall Street rocketed, the London stock market followed suit. Share prices rose 11 per cent in February alone, and successive cuts in sterling interest rates served to add fuel to the fire.

Moreover, although some of the worst fears about the state of the British economy have been realised, with output taking a dive, the news from the company sector has been dreary

rather than disastrous. Savage dividend cuts have been few and far between, and it begins to look as though average dividend growth may be no worse than 5 per cent for 1991 as a whole, compared with the zero that the pessimists were anticipating a few months ago. True, profits will be down, but if investors are minded to think in terms of recovery, they will not be particularly concerned with the level of earnings per share at the bottom of a cyclical trough.

Private investors have jumped on to the bandwagon. "A few weeks ago there was fierce activity," says Mr David Jones, chief executive of ShareLink, a leading private client brokerage. "Our investors were acting in unison with the market as a whole." But this private client business has apparently slackened off recently.

Unit trust sales have also responded strongly to the market's upturn. Net investment of £223m in February was bigger than anything that had been seen in a single month since before the October 1987 crash. But unit trusts are bought by life insurance companies as well as private investors, so it is difficult to be sure about the level of direct participation by small investors.

"It would be a mistake to think there has been a bonanza," says Mr Tim Miller, marketing director of M&G. "It takes a very long time for people who have been burned by a collapse like that in 1987 to regain their confidence." M&G's sales of personal equity plans were down in 1990-91, despite a late boost from the market's rally, and that seems to be typical around the industry.

The change of mood in the stock market has extended to the small company sector, which had such a bad time last year when there was a swing to big, safe stocks. The Hoare Govett Smaller Companies Index underperformed the FT-SE 100 by as much as 15 per cent in 1990, and January this year extended the same trend. In February, however, investors began to move back into this illiquid sector, and small company stocks suddenly became scarce: they outperformed the Footsie by 5 per cent or more in February and March.

Meanwhile the leading stocks have begun to mark time, and the equity market strategists are preparing for a continuing wave of issues which could reach £10bn for the year. According to Mr Smith, pension fund liquidity is back to 5 per cent, which is within its normal range.

Hazards for later in the year could include further profits disappointments if the economic recovery proves slow to materialise, and possible election scares. But in general the City experts believe there will be at least one more leg to the bull market within the next 18 months or so; all the same, London may continue to look to Wall Street for leadership.

Stocks are not overly compelling. The market is not necessarily cheap, it's just up."

He has a point. The overall market is trading relatively high by historical standards at about 17 times earnings, and about two and half times companies' book value. The rally is beginning to look tired, the broad market having risen by more than 30 per cent since its low of October 1990. The economy will recover this year, but the recession is still biting and corporate earnings will remain weak for at least another two quarters. Interest rates look like falling no further, and could even rise again if inflation picks up amid an economic recovery. It has been a good week, but nobody on Wall Street is getting carried away. The memories of last year, when the Dow dropped from 3,000 to 2,385 in just three months, are too fresh. While a repeat of that decline is unlikely, by mid-day yesterday there were signs that the market was beginning to suffer from vertigo, with the Dow 24 points below Wednesday's record high.

A record week on Wall Street

Patrick Harverson says individuals powered the surge

Investors have also been buying stocks on their own account. In the first quarter of this year, \$2.05bn of retail investors' money (measured by orders of 10,000 shares or less) flowed into shares listed on the New York Stock Exchange, against \$1.36bn in the same quarter last year, according to Birinyi Associates, the New York-based market analysts.

Individuals have turned to the stock market because they expect the return there to be higher than on other assets. Real estate is in a decline, and returns on cash, Treasury bonds, bank certificates of deposit and money market funds no longer look as attractive as equities because of lower interest rates.

The switch into stocks has been most pronounced from money market

funds, the most popular investment vehicle of 1990. On March 7 individual investors had \$170bn in money market funds managed by the broker/dealer firms. A month later, that figure had dropped to \$157bn. Most of the missing \$13bn went straight into the stock market, say analysts.

In spite of the big rush into equities, individuals are still underweight in the market by historical standards. Mr Robert Farrell, chief market analyst at Merrill Lynch, says that only 17 per cent of household financial assets is currently invested in equities. This compares with 21 per cent at the height of the 1987 bull market, and the 30-plus per cent seen during the early 1970s.

A survey of investor sentiment, conducted every month on behalf of

Fidelity, also suggests there is room for more. In the first three months of this year an average of 41 per cent of private investors surveyed said they intended to buy more stocks over the next few months. In January last year, only 26 per cent said they would increase their stockholdings.

In spite of the big dash into equities, individuals are still underweight in the market by historical standards. Mr Robert Farrell, chief market analyst at Merrill Lynch, says that only 17 per cent of household financial assets is currently invested in equities. This compares with 21 per cent at the height of the 1987 bull market, and the 30-plus per cent seen during the early 1970s.

Meanwhile, the institutions have approached the market more warily. Not wanting to miss out on the rally, they have been buying stocks, but with little conviction. Mr Laszlo Birinyi of Birinyi Associates says institutions have been reluctant to jump on the bandwagon. "Based on the approach to the market most institutions use, the multiples, earnings,

JOB IN THE NEWS

Chief economic adviser to the government

Search for soccer fan with monetary goals

By Peter Marsh



was last month appointed as special economic adviser to Mr Norman Lamont, the chancellor.

Among the internal candidates is Ms Rachel Lomax, aged 45 and currently Sir Terence's deputy. She has been at the Treasury since 1988, known Whitehall inside out, and is bright, tough and good-humoured in roughly equal measures.

Mr Hew Evans is another Treasury official who is almost certain to be on the short list. He is on the same rank of deputy secretary as Ms Lomax, and is keenly involved in the discussions about European economic and monetary union. Interest in European issues is likely to become increasingly important inside the Treasury during the 1990s as economic integration proceeds.

Another contender from outside the Treasury is Professor Alan Budd, chief economic adviser at Barclays Bank. He is good natured and highly practical, as well as capable of being rude about economic theories from all parts of the spectrum. What is more, he is a good friend of Sir Terence, with whom he worked at the London Business School in the 1970s. Should Prof Budd be appointed, he would join at the Treasury not only Sir Terence but another former LBS economist – Dr Bill Robinson, who

is one aspect of Mr Davies's short list. Near the top will be Mr Gavyn Davies, chief UK economist at the London office of Goldman Sachs, the New York investment bank. The 40-year-old Mr Davies is highly intelligent and articulate, and by the standards of his profession rarely unconvincing. His well-argued economic commentaries count among Mr Major's favourite reading. Perhaps most important, he is an avid fan of Southampton soccer club.

The issue of who takes over

from Sir Terence cannot be divorced from a wider question of the shift in style by Mr John Major since he became prime minister in November. Mr Major has sought to convey an image of a "man of the people", and one open to new ideas.

Both he and Sir Terence are keen supporters of London football teams.

All these indicators point to the likelihood that several outsiders who are not working for the government will be on

the short list.

Mr Lomax, 45, is a

former civil service

minister, and has

been a close confidant

of Mr Major since

he became prime minister.

She has been at the Treasury

since 1988, and has

</

JPL/col 5D

Announcing his decision to send US troops into northern Iraq last Tuesday, President George Bush insisted that this was a "purely humanitarian" intervention. There was no question, he added, of encouraging the creation of an independent Kurdistan. Nor, said his spokesman, Mr Martin Fitzwater, would US forces be "involved as combatants in the civil war or anything in that sense". Rather, they would "move in and out for short periods of time, hours, to help with camps or moving people around, or food, water, those kind of things".

Thus did the US administration struggle to reconcile its response to the Kurdish tragedy with its previous, constantly reiterated pledges of respect for Iraqi sovereignty, non-intervention in Iraq's internal affairs, and determination to "bring the boys home" rather than risk an open-ended, Vietnam-style commitment.

President François Mitterrand has been more lucid, or perhaps more candid, about the implications of what the west is doing in Iraq. Congratulating himself on France's success in obtaining the passage of UN Security Council Resolution 688, he said last week: "For the first time, non-interference has stopped at the point where it was becoming failure to assist a people in danger."

Hitherto national govern-

ments have behaved as if they were members of a trade union (called the UN), whose rules required them to take no notice of each other's behaviour unless one member directly attacked another. Now it turns out that there is a limit, so far ill defined, beyond which a government cannot go without forfeiting its right to benefit from that rule.

Ironically enough, it is France, in the past one of the strongest upholders of the notion of national sovereignty, that has taken the lead in articulating this new doctrine, whereas the US, which in its own neighbourhood (Grenada, Panama etc) has often been ready to itself itself expansion from the old rule, has been most reluctant to break it in the Middle East, and even now is trying to pretend that it has not been broken.

The odd thing is that France also took part in that Lebanese fiasco, and lost 24 US servicemen to a suicide bomber, soon after which they ignominiously withdrew, leaving behind them an even less safe, and much more anti-western, country than they had found.

The reason is obvious enough. When dealing with small countries in the western hemisphere the US is confident that it can keep matters under control. The Middle East is a different matter. It is so much further away, culturally as well as geographically, that few US policy-makers believe they can seriously hope to control events in that region. Those who did so imagined a peaceful lesson in Lebanon in the early 1980s.

The marines went into Beirut in 1983, on what was seen as a short, simple humanitarian mission: first to supervise the departure of the PLO fight-

ers,

ers, then (after the Sabra-Shatila massacre) to protect Palestinian civilians. Yet somehow it seemed impossible to do that without restoring peace and order in the country under the authority of the "legitimate" government. By the time they had finished trying to do that they had lost 241 US servicemen to a suicide bomber, soon after which they ignominiously withdrew, leaving behind them an even less safe, and much more anti-western, country than they had found.

The odd thing is that France

Edward Mortimer on the implications of the aid effort for the Kurds West takes up the burden



Kurds surround a US helicopter to get supplies at a Turkish refugee camp

ity Médecins Sans Frontières and now minister for humanitarian affairs, has extended this concept into international law and persuaded President Mitterrand to adopt it — helped by the president's wife Danielle, who has publicly befriended oppressed peoples in general and the Kurds in particular. Mr Kouchner has

even spoken of a "duty to interfere". How far will interference go? Western officials admit they do not know. "This whole business has been incremental," a British diplomat said yesterday. "What looks impossible one week becomes possible the next." Clearly it makes no sense for the US to pretend its

troops are in Iraq simply to provide transport and supplies. The key issue is security. Kurds will not go down into the new camps unless they feel safe there. They will not feel safe there unless they are confident that the camps are outside the control of the Iraqi government. And if they are outside the control of the Iraqi

government one can be quite sure that they will be under the control of the two main Kurdish political parties — the Kurdistan Democratic Party and the Patriotic Union of Kurdistan.

So there will be an area of Iran, populated at least by some hundreds of thousands of people, in which the writ of Baghdad government will not run and the writ of Kurdish political parties will run. It is going to look very like the embryo of that independent Kurdistan which Mr Bush says is every bit as bad as that of the Kurds in the north.

It is bitterly ironic, because the Iraqi Kurds were never asking for that. When they were fighting for a democratic Iraq alongside other Iraqis, and with some apparent chance of success, the US refused to intervene. Now, thousands of dead and over two million refugees later, it is in the process of carving that out de facto independence. It has even drawn a frontier, the 35th parallel, an entirely arbitrary line which awards them the Arab city of Mosul, yet denies them the whole southern Kurdish region round Sulaymaniyah.

No one in any western capital is suggesting that this should be a permanent solution. It is being improvised, partly in response to western guilt feelings, about a tragedy that is not only horribly visible on television but also manifestly a by-product of the western victory in the Gulf war; and partly in response to urgent pleas and warnings from Turkey, which could not handle the refugee problem on its own soil and was hinting that it might intervene militarily on its own if others did not come to its rescue.

Now Iran, which faces an even larger refugee problem and is even less well equipped to cope with it, is uttering similar pleas and hints. Iran also points out, quite correctly, that the humanitarian problem of the Shias in southern Iraq is every bit as bad as that of the Kurds in the north.

The truth is that when you are dealing with a regime like that of Saddam Hussein the distinction between "humanitarian" and "political" becomes untenable. There is no solution to Iraq's humanitarian problems while that regime remains in power. Its record is such that, even if it tries to introduce genuine reforms, no Iraqi will believe them.

The west is in danger of being landed with a permanent Kurdish protectorate, while the rest of Iraq is being left to Saddam Hussein's mercy. The only hope is that the presence of western forces in the north will put some pressure on him to respect the UN's mandate (under Resolution 688) to protect Iraqi civilians throughout the country, and that the loss of Iraqi sovereignty will provide an additional motive for the army officers on whom his power depends to get rid of him.

flexibility enjoyed by a succession of Birmingham leaders has been eliminated. Local politics will be more humdrum in the future.

This will be welcome to those who have had reservations about the financial demands of the International Convention Centre. Some Labour councillors resigned on the issue, believing that the spending priorities in a city of manifold social problems were misplaced. Community groups have contrasted the Centre investment with their diminished funding.

In Small Heath, one of Birmingham's most deprived wards, Mrs Janet Fletcher, centre development officer for the Birmingham Community Association, accepts that the Centre would be "nice for Birmingham" but observes "it will never benefit the people I'm working for".

"Money is going into building the inner city, but it is not aimed at the people in it," she says.

This is the underside of the glitter. The city which in 1885 could blazon above its new art gallery "for the gain of industry we promote art" and which in 1991 triumphantly presents Mr Simon Rattle and the City of Birmingham Symphony Orchestra with a new home is still hard, uncompromising. Especially in a recession.

Birmingham's new convention centre is a focus for civic pride, writes Paul Cheeseright

The second city's main attraction

a thousand traders' found that traditional skills were not enough.

Hence the desire to widen the city economy, to make it less vulnerable to the erratic swings of services sector shaped around such grand civic projects, as the city council intends. But the transformation will take a long time.

Decades of development have not permitted the escape from what J.B. Priestley nearly 60 years ago called "the sad dingy muddle of factories and dormitories that have been allowed to pass for cities in this island". The city centre, wounded during the Second World War, was torn apart afterwards and re-built. The result was, as an official history gently puts it, "for many people an efficiently functional city centre in which design and environmental aspects took a lower priority". The time of obvious city wealth when Birmingham workers enjoyed earnings higher than the national average slipped away a generation ago. The "city of

last 130 years. There is a resolve to fend off control from London while accepting any benefits London may provide. There has been since Joseph Chamberlain, a Liberal, mayor in the 1890s and swung the council, by means of an efficient political machine, to a policy of economic intervention. Sir Richard wears Chamberlain's mantle.

The Conservatives grasped the need for a more diversified local economy. They took the first steps towards its politicians, did help it to fend off Whitehall during the Thatcher years — to keep, for example, its full planning powers by refusing a government plan to establish an urban development corporation.

"We did it by using our brains and not our mouths as is so common in the Labour party," says Sir Richard. "We took a decision in our own pragmatic way not to defy the government, like some London boroughs and Liverpool, but to attract industry back to Birmingham, to build on the back of the National

Sir Richard dismisses Reg Hales, the Conservative leader, as "a small town politician from Sutton Coldfield". For his part, Mr Hales talks of Labour as having "the priorities of the madhouse" with a 137 per cent increase in council spending over the last seven years and a low rate, as revealed in a local poll, of customer satisfaction.

But Birmingham's independent tradition, and the common ground between its politicians, did help it to fend off Whitehall during the Thatcher years — to keep, for example, its full planning powers by refusing a government plan to establish an urban development corporation.

"We did it by using our brains and not our mouths as is so common in the Labour party," says Sir Richard. "We took a decision in our own pragmatic way not to defy the government, like some London boroughs and Liverpool, but to attract industry back to Birmingham, to build on the back of the National

Exhibition Centre". He cites the building of the International Convention Centre, the arrival of the Birmingham Royal Ballet and the D'Oyly Carte Opera.

The National Exhibition Centre, to the south of the city, is the biggest facility for trade fairs in the UK, and has consistently been in profit since the early 1980s. In 1989-90, after meeting all its debt charges, it contributed £7.5m to the city council's general rate fund.

There are no such hopes for the International Convention Centre: while eventually it may make an operating profit the city council will be left with about £120m of debt to service. Its economic rationale is that it will attract business to the city. Investment is taking place. Private-sector proposals would add 2,600 extra beds to the city's hotels — there are about 30,000 at the moment. And in the wider context of Birmingham's development, the city council claims that more than £2bn of

investment is either planned or being spent on offices and other commercial development.

Privately, Mr Michael Besettine, the environment secretary, has told Birmingham leaders that the city council is not a government target for wing-clipping. Despite the rise in spending and pecty scandal, the council has not been community charge-capped. It is evidently deemed a responsible body. One reason for this is that it represents the practical rather than the ideological side of the Labour party. It has the self-confidence, like Glasgow, to deal with the private sector as a partner in development.

Now the days of the grand civic project are over. There will be no more developments on the scale of the International Convention Centre. Not, at any rate, until local government financing rules are changed. Gradually, central government constraints on local authority borrowing have tightened to the point that the financial

LETTERS

Labour needs to clarify nuclear policy

From Mr Christopher

MP

Sir Philip Stephens (Political Notebook, April 12) is not alone in mistakenly believing that Mr Neil Kinnock, the Labour leader, gave a "pledge to keep an independent nuclear deterrent as long as the Soviet Union maintains one".

The Convention Centre and the adjacent 251m National Indoor Arena, still under construction, are monuments to such energy. The Labour-controlled council, led by Sir Richard Knowles, a wily cigar-smoking veteran of the party's pragmatic, non-ideological tradition, has managed to uphold a tradition of independence in the face of central government attacks on the structure of local government.

This is not to suggest there is no party political bickering in the run-up to the May 2 local elections.

Change set to merely heighten the confusion

From Mr Hugh Hendry

Sir, I was dismayed by your article on the revision in the Japanese commercial code ("Japanese script issues lose their bonus label", April 11). The move to compel companies to refer to gross issues as stock splits reveals an alarming ignorance on behalf of Japan's omnipresent bureaucracy. A gross issue is a completely different animal from a stock split.

The former represents issues at nominal value but without charge to existing shareholders and are principally designed to bring the company's share capital back into line with the assets employed within the business. Stock splits on the other hand, simply represent the division of existing share capital into a greater number of shares, thereby reducing the nominal value per share.

Given investors' traditional interest in share price above nominal value, Japanese corporations have historically favoured gross issues as their primary signalling mechanism. As such, this high-profile change seems destined only to heighten the confusion.

Even if Mr Kinnock, chairman, Conservative party, Conservative Central Office, 32 Smith Square, Westminster, London SW1

Meters a sound aid to water conservation

From Mr D.A.A. Fagandini

Sir, I was dismayed by your article on the revision in the Japanese commercial code ("Japanese script issues lose their bonus label", April 11). The move to compel companies to refer to gross issues as stock splits reveals an alarming ignorance on behalf of Japan's omnipresent bureaucracy. A gross issue is a completely different animal from a stock split.

The former represents issues at nominal value but without charge to existing shareholders and are principally designed to bring the company's share capital back into line with the assets employed within the business. Stock splits on the other hand, simply represent the division of existing share capital into a greater number of shares, thereby reducing the nominal value per share.

Given investors' traditional interest in share price above nominal value, Japanese corporations have historically favoured gross issues as their primary signalling mechanism. As such, this high-profile change seems destined only to heighten the confusion.

Even if Mr Kinnock, chairman, Conservative party, Conservative Central Office, 32 Smith Square, Westminster, London SW1

of public concern. And a Daily Express poll the following day, surveying voters in three "barometer" constituencies, says that voters put health at the top of their list of priorities for the government and that the majority felt the government had harmed the NHS rather than helped it.

When this is put alongside the evidence that health was a key issue in the recent Ribble Valley and Eastbourne by-elections, it becomes clear that the NHS remains an important

electoral concern among voters — one which the government neglects at its peril.

Recent changes to the NHS are doing nothing to solve the problems facing patients, due to years of chronic underfunding. Creating a new bureaucracy to build up an internal health market will prove, I fear, to be an expensive and unnecessary experiment.

Hugh Hendry,
British Medical Association,
BMA House,
Tavistock Square, WC1

Government neglects health service at its own risk

From Dr J.P. Lee-Potter

Sir, Public concern about the National Health Service is as high today as it has ever been. Joe Eoghan, "The Tory tranquilliser", April 16, is not right to say "worry about the NHS has steadily if gently declined". Only this week two polls have shown that health remains a big political issue. A Mori poll in The Times on April 15 puts the health service in third place behind the poll tax and unemployment in a list

of public concerns. And a Daily Express poll the following day, surveying voters in three "barometer" constituencies, says that voters put health at the top of their list of priorities for the government and that the majority felt the government had harmed the NHS rather than helped it.

When this is put alongside the evidence that health was a key issue in the recent Ribble Valley and Eastbourne by-elections, it becomes clear that the NHS remains an important

electoral concern among voters — one which the government neglects at its peril.

Recent changes to the NHS are doing nothing to solve the problems facing patients, due to years of chronic underfunding. Creating a new bureaucracy to build up an internal health market will prove, I fear, to be an expensive and unnecessary experiment.

Hugh Hendry,
British Medical Association,
BMA House,
Tavistock Square, WC1

Strong case for keeping options open on mining in Antarctica

From Mr Robert Davies

Sir, The apparent change in the British government's attitude towards mining in Antarctica is disappointing. That Australia and France (an unlikely combination if ever there was one) are pushing the issue for blatant domestic political reasons is well known. For Britain to follow their lead would be shameful. No one is actually arguing for full and immediate exploitation of resources in Antarctica but to deny ourselves the mechanism for doing so would be shortsighted. Perhaps just one example can be used to illustrate the case for keeping our options open.

For many years North Americans have been concerned about pollution from car exhausts and have progressively reduced the amount of carbon monoxide and nitrous oxides (believed to be a factor

FAX SERVICE

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

Product	Term	Car	Max	Interest	Maturity	Accept and other details
Instant Access	12.45	9.45	Varies	Varies	Varies	12.25/12.50/12.75/13.00/13.25/13.50/ATM access
Cash Plus	11.75	8.85	Varies	Varies	Varies	11.50/11.75/12.00/ATM access
Ministyle	13.25	10.35	Varies	Varies	Varies	13.00/13.25/13.50/13.75/14.00/14.25/14.50/14.75/15.00/15.25/15.50/15.75/16.00/16.25/16.50/16.75/17.00/17.25/17.50/17.75/18.00/18.25/18.50/18.75/19.00/19.25/19.50/19.75/19.95/20.00/12.50/13.00/13.50/14.00/14.50/15.00/15.50/16.00/16.50/17.00/17.50/18.00/18.50/19.00/19.50/19.75/20.00/12.50/13.00/13.50/14.00/14.50/15.00/15.50/16.00/16.5

ECONOMIC DIARY

TODAY: International conference in Stockholm on global security. The Federation of Economic Organisations (Keldanen) send a mission to South Africa to study investment conditions.

TOMORROW: United Kingdom 1991 Census day. Amalgamated Engineering Union conference in Eastbourne.

MONDAY: CBI/FT survey of distributive trades. (March). Retail sales (March - provisional). Start of two-day Financial Times conferences on "European securities markets in the 90s" and "Managing financial risks" in London. Start of two-day meeting of the European community agriculture council in Luxembourg. Mr F.W. de Klerk, South African president starts two-day visit to Britain. US and Japanese officials will meet in Washington for construction talks, less than two weeks before the deadline for the US to determine if sanctions should be imposed on Japan for closing its market.

TUESDAY: Finished steel consumption and stock changes (fourth quarter final). Balance of payments current account and overseas trade figures (March). US durable goods (March). Institute of Directors annual convention at Royal Albert Hall. Mr Asif Nadir to appear at Bow Street magistrate's court.

WEDNESDAY: Index of production and construction for Wales (fourth quarter). New construction orders (February-provisional). Conference in Prague on future of the European security system, organised by Mr Jiri Dienstbier, Czechoslovak foreign minister, and Mr Manfred Woerner, Nato secretary general.

THURSDAY: Building societies monthly figures (April). Energy trends (February). US import and export prices for March. International Monetary Fund holds meeting in Washington.

FRIDAY: Engineering sales and orders at current and constant prices (February). Quarterly house purchase finance statistics (first quarter). US gross national product for first quarter (preliminary); corporate profits in the fourth quarter (revised). Anglo-Irish inter-governmental conference meets in London.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Friday April 19 1991						Highs and Lows Index							
& SUB-SECTIONS		Index No.	Day's Change %	Est. Current Divs	Est. Yield %	Est. P/E Ratio	Est. 1991 P/E Ratio	Index No.	Index No.	Index No.	Index No.	1991 High	1991 Low	Since Comp.	Since Comp.
Figures in parentheses show number of stocks per section															
1 CAPITAL GOODS	162.53	-0.6	11.21	5.60	10.88	11.25	107.85	339.12	390.04	150	675.32	147	1038.07	147/147	
2 Building Materials	247.67	-1.0	5.61	10.63	11.00	11.21	1127.17	1128.24	1147.78	149	911.54	147	1381.88	147/147	
3 Chemicals	183.92	-0.5	11.20	5.62	12.40	11.25	1126.75	1127.24	1147.75	149	1021.23	147	1218.12	147/147	
4 Electricals	110.41	-0.8	11.25	5.55	11.65	11.46	1045.18	1045.25	1045.29	149	3007.98	247	3008.98	147/147	
5 Electronics	182.94	-1.2	5.53	4.98	11.62	11.31	1045.24	1047.32	1048.03	149	1762.33	153	1768.08	147/147	
6 Engineering-Aerospace	145.28	-0.6	11.53	5.49	11.46	11.46	1045.18	1045.25	1045.29	149	514.97	147	502.42	136/147	
7 Engineering-General	141.57	-0.7	11.35	5.69	9.77	7.96	464.72	462.88	463.98	147	468.23	5	368.48	147/147	
8 Metals and Metal Forming	147.94	-0.8	11.69	7.07	6.60	5.59	911.67	911.13	917.75	147	472.53	149	501.44	147/147	
9 Motors	135.93	-0.3	12.21	6.77	7.69	7.45	354.02	352.98	360.42	147	146.76	147	141.14	130/147	
10 Other Industrial Materials	152.45	-0.7	9.41	5.38	11.29	11.29	1038.05	1044.74	1050.92	149	1177.76	147	1801.98	147/147	
11 CONSUMER GROUP	164.88	-0.5	8.28	5.63	14.89	11.93	1047.46	1049.94	1047.02	149	1188.16	147	1181.99	147/147	
12 Breweries and Distilleries	177.55	-0.4	8.96	5.36	13.76	14.86	1082.45	1080.58	1075.04	149	1045.51	147	1040.42	147/147	
13 Food Manufacturing	120.73	-0.2	9.36	4.04	13.15	13.93	1020.56	1020.79	1023.64	149	1044.74	147	1047.82	147/147	
14 Health and Household Goods	176.74	-1.0	7.90	2.24	14.74	14.42	1079.05	1080.91	1080.95	149	1229.35	21	1229.35	147/147	
15 Hotels and Leisure (C2)	135.87	-0.5	10.11	5.11	11.67	11.64	1028.85	1032.15	1031.48	149	1222.34	149	1066.31	147/147	
16 Media (C4)	150.40	-0.9	9.40	4.50	13.34	13.94	1051.74	1052.09	1054.49	149	1045.77	147	1045.77	147/147	
17 Packaging, Paper & Prints (D)	167.01	-0.3	8.14	4.85	13.35	11.00	679.41	673.20	682.16	149	683.94	147	739.48	147/147	
18 Stores (C4)	92.31	-0.3	9.02	3.92	14.37	2.57	768.88	769.30	792.75	149	772.77	147	763.30	147/147	
19 Textiles (C1)	155.10	-0.3	9.95	6.03	12.67	10.08	530.90	537.78	537.33	149	536.34	147	576.28	147/147	
20 OTHER GROUPS	1218.99	-0.7	9.87	4.75	12.40	11.84	1228.01	1227.94	1226.89	149	1050.59	147	961.08	147/147	
21 Business Services (C3)	1208.48	-0.5	11.13	9.44	11.00	11.36	1214.00	1212.12	1214.32	149	1213.59	149	922.28	147/147	
22 Chemicals (C2)	139.02	-1.0	9.05	5.54	12.67	12.86	1026.05	1028.19	1028.55	149	1028.55	147	1028.55	147/147	
23 Engineering-Glaziers	140.55	-0.5	11.25	6.54	12.85	12.85	1028.05	1028.15	1028.15	149	1028.15	147	1028.15	147/147	
24 Transport (C4)	221.80	-0.9	11.39	5.74	12.86	12.53	1020.00	1022.47	1021.34	149	1025.84	147	1220.07	147/147	
25 Electricity (C4)	1183.55	-0.6	11.71	5.64	15.70	10.00	1192.74	1196.40	1190.25	149	1190.25	147	1094.36	147/147	
26 Telephones Networks	1449.83	-0.9	9.17	3.44	14.19	10.02	1046.44	1043.31	1043.05	149	1046.55	147	1464.52	147/147	
27 Water (C1)	2463.92	-0.7	13.76	5.69	11.12	10.94	1028.76	1022.58	1022.58	149	1024.32	147	2314.42	147/147	
28 Miscellaneous (C2)	1897.79	-0.6	6.38	4.92	19.99	21.39	1039.10	1041.01	1044.74	149	1070.53	147	1065.17	147/147	
29 INDUSTRIAL GROUP	1244.19	-0.6	9.59	4.45	13.07	11.34	1261.91	1261.91	1260.53	149	1259.44	5	911.97	147/147	
30 Oil & Gas (C2)	2457.67	-0.4	10.28	5.42	12.67	10.03	2466.93	2468.35	2465.53	149	2468.77	147	1213.71	147/147	
31 FT-SE 100 SHARE INDEX	1346.70	-0.6	9.51	4.58	13.03	11.29	1029.04	1029.04	1029.04	149	1029.04	147	981.01	147/147	
32 FT-SE 500 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
33 FT-SE 1000 SHARE INDEX	1251.44	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
34 FT-SE 1000 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
35 FT-SE 1000 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
36 FT-SE 1000 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
37 FT-SE 1000 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
38 FT-SE 1000 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
39 FT-SE 1000 SHARE INDEX	1250.11	-0.3	13.53	5.41	13.03	12.54	1025.44	1025.44	1025.44	149	1025.44	147	872.25	147/147	
40 FT-SE 1000 SHARE INDEX	1250.														

INTERNATIONAL COMPANIES AND FINANCE

Crédit Lyonnais overtakes BNP

By William Dawkins in Paris



Haberer: outlook uncertain

Crédit Lyonnais, the French state-owned bank, yesterday reported an 18.5 per cent rise in last year's net group profits. Crédit Lyonnais has now overtaken Banque Nationale de Paris (BNP), also state-owned, as France's second largest bank in terms of profit.

Group net profits at Crédit Lyonnais rose to FFr13.7bn (US\$660m) from FFr13.5bn, a contrast to the halving in BNP's net earnings to FFr1.6bn announced a day previously.

Mr Jean-Yves Haberer, the chairman, said the results were gratifying but it was impossible to forecast the outlook for 1991, which was already proving to be an "atypical" year.

Mr Haberer confirmed that "nearly all the conditions are ready" for Crédit Lyonnais'

long-awaited share exchange accord with Commerzbank of Germany, which he hoped to

conclude this year. Total group loans outstanding rose by 20.5 per cent to FFr629bn, while customers' deposits advanced by 25 per cent to FFr560bn.

Provisions rose slightly, by 3 per cent to FFr6.5bn, within which an extra FFr3.5bn of provisions for country loans lifted the bank's coverage of exposure to country risks to 60 per cent.

It had to life provisions for bad customer loans by 51 per cent to FFr1.1bn, reflecting the general economic squeeze on borrowers.

There was also a FFr642m provision for write-downs on the value of Crédit Lyonnais' securities portfolio, 10 times the figure set aside the previous year.

Group operating income rose by 15 per cent to FFr1.65bn, reflecting the previous year.

Mr Haberer said the results were gratifying but it was impossible to forecast the outlook for 1991, which was already proving to be an "atypical" year.

Mr Haberer confirmed that "nearly all the conditions are ready" for Crédit Lyonnais'

reflecting "excellent" results from the French leasing businesses, significantly higher earnings from life insurance and Clinvest - the investment banking division - and the first contribution from Altus Finance, the treasury bank acquired from Thomson-CSF at the end of 1988.

Foreign subsidiaries' contribution rose by 57 per cent to account for 31 per cent of net profit.

This continues the previous year's trend, with the exception of Brazil and Argentina, which had to make large provisions.

London-based Crédit Lyonnais Capital Markets - formerly Alexander Laing and Cruikshank - halved its losses last year and was heading towards profitability, said Mr Haberer.

Fletcher Challenge issues profit warning

By Bernard Simon in Toronto

NEW ZEALAND'S Fletcher Challenge has warned that earnings for the present fiscal year will be about 10 per cent lower than 1990, partly due to losses suffered by its Canadian forest products business.

Fletcher, New Zealand's biggest company, reported a 9.4 per cent rise in net earnings for the half-year to last December. But 72 per cent-owned Fletcher Challenge Canada slid to C\$10.7m (US\$8.2m) loss (18 cents a share) in the first three months of 1991, from earnings of C\$15.7m (26 cents a share) a year earlier.

Mr Hugh Fletcher, chief executive officer, said the main

Canadian results were a reflection of "difficult" trading conditions in many of the group's businesses.

Fletcher owns 100 per cent of another large western Canadian forest products company, Crown Forest. Crown does not disclose details of its financial performance, but all North American forestry companies have taken a hard knock from overcapacity in the pulp and newsprint sectors, and a slump in lumber demand as a result of the weak housing market.

Fletcher Canada blamed a slide in pulp prices of almost US\$300 a tonne in the past year, coupled with soft mar-

kets for newsprint and light-weight coated papers, for much of the first-quarter loss. It said a further curtailment of newsprint production will probably be necessary to cope with over-supplied markets.

The company recently said it was looking for an equity partner for its Crofton mill in British Columbia, one of the world's biggest pulp and paper complexes. It also plans to dispose of some of its wood manufacturing businesses as part of efforts to raise capital to modernise other facilities.

Mr Ian Donald, Fletcher Challenge Canada's chief executive, complained that stricter

environmental regulations, "some arbitrarily imposed without sufficient scientific proof that they are necessary," have greatly raised operating and capital costs.

• **Noranda Forest**, whose interests include a controlling stake in MacMillan Bloedel of Vancouver, plunged into the red in the first quarter with a loss of C\$33m (US\$23m) (41 cents a share), against net earnings of C\$6m (1 cent) a year earlier. Sales dropped by 14 per cent to C\$1.6bn. Noranda does not expect to be profitable in the second quarter, despite signs of revival in North American housing.

The company and the Ontario government expressed astonishment at the move to have a receiver appointed, saying the Laurentian deal was a good solution to Standard Trustco's problems.

The company holds about C\$1.5bn (US\$1.25bn) in deposits but has a \$350m non-performing property loan portfolio. Most of the deposits are covered by Canada Deposit Insurance Corp, up to \$60,000 per depositor.

Federal officials said the closures were intended to prevent a run by more than 100,000 Standard Trustco depositors. They will try to maintain the healthy parts of the business.

In Montreal, Laurentian said it was still interested in negotiating with whoever ends up running Standard Trustco.

• **Canada Packers**, 56 per cent held by Britain's Hillsdown Holdings, is expected to sell its loss-making Western meat-slaughtering business by the end of next week and its edible oils division soon afterwards.

Regulators take control of Standard Trustco

By Robert Gibbons in Montreal

FEDERAL regulators have taken control of troubled Standard Trustco, closing its 37 trust and mortgage offices across Canada until further notice.

Foreign subsidiaries' contribution rose by 57 per cent to account for 31 per cent of net profit.

This continues the previous year's trend, with the exception of Brazil and Argentina, which had to make large provisions.

London-based Crédit Lyonnais Capital Markets - formerly Alexander Laing and Cruikshank - halved its losses last year and was heading towards profitability, said Mr Haberer.

Caterpillar loss of \$32m in line with forecasts

By Karen Zagor in New York

CATERPILLAR, the world's biggest manufacturer of earth-moving equipment, yesterday unveiled a first-quarter net loss of \$32m, or 33 cents a share, compared with net income of \$25m, or 27 cents, in the first three months of last year.

Sales fell 3 per cent in the quarter to \$2.65bn from \$2.94bn.

Earlier this month the Peoria, Illinois-based company had warned that weak market conditions would push it into the red in the first quarter, and the results were in line with these expectations.

Caterpillar's first-quarter results also reflect a one-time pre-tax charge of \$21m related to the consolidation of its building construction products division in North America.

The company's operating

profit slumped to \$15m in the first three months of 1991 from \$148m. Weakness in US construction activity depressed Caterpillar's US sales by 20 per cent in the 1991 quarter to \$1.06bn.

The company attributed the erosion of sales and revenues to a 13 per cent decline in physical sales volume, reflecting the recession in the US and other industrialised countries and the sharp deterioration of the Brazilian economy. However, lower volume was partly offset by a 3 per cent increase in realised prices, thanks to favourable dollar translations and price increases.

The company also benefited from an \$18m increase in revenues from financial subsidiaries.

Degussa discloses 50% pre-tax fall half-way

By Katharine Campbell in Frankfurt

DEGUSSA, the German chemicals, metals, and pharmaceuticals group, yesterday revealed that pre-tax profits fell by half in the first six months of the fiscal year which ends September 1991.

Mr Gert Becker, chief executive, said the annual meeting he believed earnings had "bottomed out" and the results for the full year would be "roughly a third below" the previous twelve months. In 1990 pre-tax profits stood at DM315m (\$190m).

Mr Becker attributed the poor performance to the same negative factors that weighed on the company in the previous year, including the weak dollar, recessionary trends in important export markets, and the collapse in eastern Euro-

pean business. He added that internal restructuring in the metals division was an extra cost this year.

Turnover in the first six months of fiscal 1990-91 reached DM6.5bn, an 8 per cent decline, which the company blamed principally on weak precious metal prices.

Total sales in all areas excluding precious metals trading were 2 per cent lower.

Earnings from Astra Pharma and the dental division had improved, he said, in contrast with the rest of the business, including the chemicals operation where profits dropped considerably.

Mr Becker did not comment as to whether Degussa would maintain last year's dividend of DM1.

Kellogg trades strongly

By Nikki Tait in New York

KELLOGG's strength shown by profit of \$163.1m in the first time since the start of the 1974 "steel crisis".

The dividend, expected to be DM5 a share, follows a return from ordinary business of DM37.8m (\$22.6m) in 1990 against DM56.8m in 1989.

Most will be used to build reserves, with DM70m going to repay part of the government's restructuring loans made in the 1970s and 1980s. Post-tax profit for Kellogg Stahl AG was DM57m, slightly up. Shares are owned 70 per cent by Fried Krupp, 25 per cent by the Iranian government, and there are 8,000 small shareholders.

The dividend, expected to be DM5 a share, follows a return from ordinary business of DM37.8m (\$22.6m) in 1990 against DM56.8m in 1989.

Most will be used to build reserves, with DM70m going to repay part of the government's restructuring loans made in the 1970s and 1980s. Post-tax profit for Kellogg Stahl AG was DM57m, slightly up. Shares are owned 70 per cent by Fried Krupp, 25 per cent by the Iranian government, and there are 8,000 small shareholders.

However, Mr William LaMothe, chairman, also suggested the group was seeing an improvement in the domestic market.

This has been a weaker area during the past few years, as competitors have encroached. Mr LaMothe conceded that "conditions were still extremely competitive".

The company attributed the performance partly to the continued strength of its international business - the element

Swedes agree Alfa-Laval merger deal

By John Burton in Stockholm

SWEDEN'S Competition Ombudsman yesterday approved Tetra Pak's SKr16.25bn (\$2.63bn) purchase of Alfa-Laval, which is also being investigated on anti-competition grounds by the European Commission.

The decision came after Tetra Pak, the Swiss liquid packaging concern, promised that Alfa-Laval, the Swedish dairy and food processing equipment company, will operate independently in its marketing.

Where Tetra Pak and Alfa-Laval can supply similar services and machinery, they must offer separate bids at the request of the customer.

Tetra Pak also agreed it should not make sales conditional on orders for Alfa-Laval or vice versa.

It pledged existing products should not be changed so competitors to Tetra Pak and Alfa-Laval would have difficulty in competing with them.

In the case of dairies, for example, Alfa-Laval often supplies the equipment for milk processing, while Tetra Pak supplies the equipment for packaging. But the two companies told the Competition Ombudsman they would work with competitors if a dairy chooses another processing or packaging company.

Mr Gunnar Hermansson, Competition Ombudsman, said it was unclear, however, whether the EC would accept similar commitments from Tetra Pak in return for approving the deal.

Chicago

SOYABEANS 5,000 bu min; cents/60b bushel

Close Previous High/Low

May 5902 5892 5810 5814

Jun 5938 5944 5944 5942

Jul 5974 5990 5990 5994

Aug 6019 6020 6020 6020

Sep 6126 6129 6129 6129

Oct 6126 6129 6129 6129

Nov 6126 6129 6129 6129

Dec 6144 6144 6144 6144

Jan 6144 6144 6144 6144

Feb 6144 6144 6144 6144

Mar 6144 6144 6144 6144

Apr 6144 6144 6144 6144

May 6144 6144 6144 6144

Jun 6144 6144 6144 6144

Jul 6144 6144 6144 6144

Aug 6144 6144 6144 6144

Sep 6144 6144 6144 6144

Oct 6144 6144 6144 6144

Nov 6144 6144 6144 6144

Dec 6144 6144 6144 6144

Jan 6144 6144 6144 6144

Feb 6144 6144 6144 6144

Mar 6144 6144 6144 6144

Apr 6144 6144 6144 6144

May 6144 6144 6144 6144

Jun 6144 6144 6144 6144

Jul 6144 6144 6144 6144

Aug 6144 6144 6144 6144

Sep 6144 6144 6144 6144

Oct 6144 6144 6144 6144

Nov 6144 6144 6144 6144

Dec 6144 6144 6144 6144

Jan 6144 6144 6144 6144

Feb 6144 6144 6144 6144

Mar 6144 6144 6144 6144

Apr 6144 6144 6144 6144

May 6144 6144 6144 6144

Jun 6144 6144 6144 6144

Jul 6144 6144 6144 6144

Aug 6144 6144 6144 6144

Sep 6

\$32m
ts

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hits 16-month high

THE DOLLAR renewed its upward surge yesterday after going through a period of consolidation since Easter. The rise started in mid-February and appeared to have resumed yesterday as the currency hit its highest level for about 16 months against the D-Mark.

This took it to a trading peak of DM1.7380 in reaction to a US press report that a Federal Open Market Committee meeting on March 20 agreed unanimously that interest rates may have been pushed low enough to end the recession.

It was also agreed that there will be no further cuts before the next FOMC meeting on May 14, unless there is surprisingly bad news about the economy, according to the report.

This led to demand for the dollar in the Far East, with the trend continuing when Europe and New York came into the market. The D-Mark was particularly vulnerable as a result of problems — by German

unification and political unrest in the Soviet Union. Attention turned back to these economic and political factors following the failure of the Bundesbank to raise official interest rates at Thursday's council meeting.

Comments by German central bank officials had little impact. Mr Karl Otto Pöhl, Bundesbank president, said that German monetary policy will remain tight and that a relatively high level of interest rates has to be accepted.

Mr Helmut Schlesinger, deputy president of the Bundesbank, told German television that the central bank is not satisfied with the D-Mark's value against the dollar, but added that last week's higher rate at a currencies repurchase agreement was technical and not a signal of changed monetary policy.

At the London close the dollar had climbed to DM1.7360 from DM1.6880; to Y136.35 from Y136.70; to SF1.4705 from

E IN NEW YORK

	Last	Previous
Apr 19	1.7295 - 1.7296	1.7216 - 1.7296
1 month	0.81 - 0.7900	0.82 - 0.8100
2 months	0.72 - 0.7100	0.72 - 0.7100
12 months	0.72 - 0.7100	0.72 - 0.7100

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65	92.5	92.5
8.70	92.5	92.5
8.75	92.5	92.5
8.80	92.5	92.5
8.85	92.5	92.5
8.90	92.5	92.5
8.95	92.5	92.5
9.00	92.5	92.5

Forward points and discounts apply to the US dollar

	Last	Previous
8.20	92.6	92.5
8.25	92.6	92.5
8.30	92.5	92.5
8.35	92.5	92.5
8.40	92.5	92.5
8.45	92.5	92.5
8.50	92.5	92.5
8.55	92.5	92.5
8.60	92.5	92.5
8.65		

LONDON STOCK EXCHANGE: Dealings

done shown above with consent from Thursday's Stock Exchange List and reproduced without permission.

Information Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5pm on Thursday, not through the Stock Exchange Telfax system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For listed securities in which no dealing was recorded in Thursday's Official List it is the business in the four previous days given as relevant date.

Rule Stocks are regulated by the Financial Services Authority and stocks are regulated by the Stock Exchange of the United Kingdom. Exchange of stock and shares in the United Kingdom is done at the relevant price.

Exchange of stock and shares in the United Kingdom is done at the relevant price.

British Funds No. of bargains included

Amherst Management PLC 5% Deb

£100m 1991-92 2000 - £100m

100% 1991-92 2000 - £100m

Amherst Export Finance Corp PLC

12.5% Gln Lst Sks 2002(Freq) - £112m

£112m 1991-92 2000 - £112m

Amherst Fund Management Ltd

Corporation & County Stock No. of bargains included

Grosvenor London Lst Sks 2002 - £250m

Birmingham Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

London Corp 5% Red Sks 2002 - £250m

100% 1991-92 2000 - £250m

Corporation & County Stock No. of bargains included

Midland & Scottish Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

West Midland Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

Wessex Water Corp 5% Red Sks 2002 - £112m

100% 1991-92 2000 - £112m

Corporation & County Stock No. of bargains included

- Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 225-2128.

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc. VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128

WORLD STOCK MARKETS

AMERICA

Profit-taking predominant in active trading

Wall Street

SHARE prices fell further from Wednesday's record highs as investors seized the opportunity yesterday morning to realise the profits earned during the market's recent rally, writes Patrick Harverson in New York.

By 1.30 pm the Dow Jones Industrial Average was down 13.2 at 2,985.64, having spent all morning in negative territory. The broader indices were also weaker, with the Standard & Poor's 500 down 1.86 at 385.80 at 1 pm, and the Nasdaq composite of over the counter stocks down 3.72 at 502.90. Turnover on the New York SE

was high at 107m shares by 1 pm, but below the levels reached in previous days. Declining shares were outperforming rising shares by more than two to one, evidence of the weak underlying tone.

Analysts were not surprised at yesterday's declines, arguing that the market was due for a correction following its impressive performance in the first half of April. The strength of the dollar, which hurts the overseas earnings of US companies, may also have depressed sentiment.

In a banking sector weakened by investors taking profits after the recent gains, American Express was the most heavily traded stock, fall-

ing \$1.1% to \$23 on turnover of 1.9m shares. Late on Thursday the group reported profits of 55 cents a share for the quarter, in line with analysts' expectations and up from the big loss incurred a year earlier.

Citicorp was also well traded, ending 3% to 15% on turnover of 1.2m shares. BankAmerica, another bank to report a recovery in first quarter earnings this week, fell back 3% to \$37.74, while Chase Manhattan dropped 3% to \$19.75.

Kellog climbed 3% to 39.74 after the company announced profits of \$1.35 a share for its latest quarter, against the 79 cents a share earned at the same stage in 1990. The figures

were above market expectations.

Colgate-Palmolive fell 3% to \$82.4 in spite of reporting record first quarter sales and earnings. The 12 per cent increase in first quarter net income to \$612m came as no surprise and like many other leading stocks Colgate fell back on profit-taking.

Shares in 3M, formerly Minnesota Mining and Manufacturing, eased 1% to \$27.74 in the wake of the company's first decline in quarterly earnings for seven years. Although 3M said it expected an improvement in the second half of 1991, it could not guarantee earnings growth over the period.

IGI rose 1% to \$12 on the

American Stock Exchange on positive reaction to the meetings for investors held recently in New York by the biotechnology company.

Canada

TORONTO stocks slid at mid-day after the release of Canadian inflation data which damped hopes of further cuts in interest rates. The composite index fell 2.6% to 3,506.9.

Shares in SM, formerly Minnesotta Mining and Manufacturing, eased 1% to \$27.74 in the wake of the company's first decline in quarterly earnings for seven years. Although 3M

said it expected an improvement in the second half of 1991, it could not guarantee earnings growth over the period.

Consensus forecasts in conflict with strategy

Peter Martin discusses earnings, and precedent

IN TERMS of forecast earnings, most of the world's big equity markets are clearly overvalued, according to the IBES team at the New York broker Jones Lynch and Ryan.

IBES spends its time gathering consensus earnings forecasts from brokers' analysts around the world. Its latest calculations, as at the end of March, reflect the bull market that followed the start of fighting in the Gulf war.

Setting earnings estimates for the next 12 months against current equity prices and interest rates, IBES concluded that the Canadian, German, Italian, UK and US stock markets are as high as at any time in the past three years. The Japanese market is not quite so steeply priced, says IBES, but of the seven biggest industrial countries only the French market still seems to offer good value.

Not everyone shares the view that the world's stock markets are mostly marching together into dangerous territory. Still, even the most enthusiastic bull might be given a moment's pause by the IBES prospective price earnings ratios. The prospective world p/e is now 13 (excluding Japan), Germany and Italy are at 15, France at 14%, the US at 14.5, Japan, with its historically high growth expectations, at 20. Only the UK and France - at 11.5% and 10 respectively - are not excessively priced. Two months ago, 12 of the 26 companies IBES follows had single-digit p/e's with four below 8. Now only five have p/e's in single figures, with only New Zealand still below 8 (at 7).

Those who are still bullish have their own set of numbers to point to. Mr Joe Rooney, European strategist at Jones Lynch, is recommending an overweight position in continental European equities - based in part on an analysis of how bull markets have developed in the past two decades.

Comparing the first three months of any rally with the next 12 months, he believes that the gold index fell 40 to 1,041 but the industrial index rose 8 to a new high of 5,476. The all-share index slipped 5 to 2,900. Vanuatu fell 110 to 1176.

Mr Rooney's argument is that the bad news on the costs of east German reconstruction is now in the price and that Germany is likely to be the only country where, over the next few years, the scope for lower bond yields is in the US than elsewhere.

If the global economy goes on decelerating, he says, this contradiction could be resolved by better bond market rather than weaker equities. Though it is in the US that elsewhere he still believes that long-term dollar interest rates have further to fall.

In the US market is now about to pause, the worldwide bull market may splinter.

Instead of marching up together, global equity markets may soon be following their own paths - raising the rewards of picking markets, but adding to the risks.

since the rally started in mid-January.

In some eyes, of course, that is exactly where it deserves to be. Mr Julian Target, European strategist at Baring Securities in London, says "a new Wirtschaftswunder just isn't going to happen in eastern Germany".

One reason: after the Second World War there was no home market in Germany and a cheap D-Mark - so the obvious outlet for entrepreneurial energies was the export of manufactures. Today, there is a huge domestic market and a dear D-Mark, so it makes more sense for entrepreneurs to go into the services sector.

"Germany is moving into an Anglo-Saxon style consumption-led economy," says Mr Target; and that is bearish for the big publicly quoted manufacturing stocks. He recommends the Austrian market as an alternative for those seeking Germanic virtues in their investments.

In the background to all the European markets has been the strong rise on Wall Street, reflected symbolically this week in the Dow-Jones Industrial Average's passage through the 3,000 mark for the first time.

On most measures, Wall Street is now more exposed than other major markets, with US bonds looking markedly better value than equities. Yet, as Mr Peter Lyon of Smith New Court in London points out, in the US as elsewhere the signs that normally accompany a market top - rapid economic growth, for example, or a sharp rise in commodity prices - are not evident.

"If the global economy goes on decelerating," he says, "this contradiction could be resolved by better bond market rather than weaker equities." Though it is in the US that elsewhere he still believes that long-term dollar interest rates have further to fall.

In the US market is now about to pause, the worldwide bull market may splinter. Instead of marching up together, global equity markets may soon be following their own paths - raising the rewards of picking markets, but adding to the risks.

EUROPE

Hachette, Michelin fall after 1990 results

BOURSES made a subdued end to a week which had its exciting moments, writes Our Man in Paris.

PARIS followed the bond market lower on receding hopes of a cut in interest rates. The CAC 40 index fell 24.62 to 1,791.12, down 1.76 per cent on the week, in volume estimated at FFr1.5bn.

Hachette, the publishing group, was the day's biggest loser, falling FFr1.10 or 5.23 per cent to FFr20.6 in volume of 43,800 shares. Dealers said the share was under selling pressure following the publication of 1990 results this week.

Also on the way down was Michelin, the tire manufacturer, which lost FFr3.30 or 3.7 per cent to FFr86 with 229,350 shares traded as investors focused on its balance sheet problems. But Peugeot rose again, up FFr1 to FFr35.5 with 167,600 shares traded, on continued relief that the chairman's statements were more positive than usual.

Astotel was weaker for the second day, losing FFr1 to FFr1.10.

FFr578 with a heavy 380 shares traded. Dealers spoke of a large sell order from London.

FRANKFURT took profits, shares ahead of tomorrow's elections in the Rhineland-Palatinate, Chancellor Helmut Kohl's home state. However, as the dollar closed at a new high for the year against the D-Mark, companies especially dependent on US sales witnessed the general decline.

After a fall of 8.65 to 877.80 in the FAZ index at mid-session, the DAX closed 14.39 lower at 1,593.37. Rises on the week were 0.8 and 1.0 per cent respectively and volume yesterday fell 1.9% to 1,593.76.

Among the dollar stocks, chemicals were relatively strong and, in motors, BMW rose DM4.50 to DM50.50, up DM2.0 over three days in response to buy notes from a number of London broking houses. Among the many falls, Mannesmann's DM4 drop to DM28 followed a sell recommendation by James Capel, on lower first quarter sales and

problems in Brazil.

However, last night the D-Mark had fallen below Yen 80 to Yen 79.70. At this level, Japanese shareholders in German equities are expected to get worried about the Yen value of their holdings and, perhaps, to sell them.

ZURICH saw a curious juxtaposition. On Thursday Sandor said it would open its registered shares to foreigners and got the standard response, with the registered up and the bearer down. Yesterday however, it was one-way movement at the end with the registered up by 1.2% to 1,571.50, the bearers by 1.2% to 1,571.50, the participation certifi-

cates by 5Fr700 to 5Fr2,200.

Mrs Sarah Lavers, head of research at Schroder Securities, said that, by Thursday evening, the market's concern on the bearers had fallen below the 5 to 6 per cent generally expected for the privilege of anonymity on the part of the holder. She had recommended a purchase of the bearers.

BRUSSELS heard rumours that Societe Generale de Belgique would sell its stake in the chemical concern Gechem, pushing Gechem shares up 4.5% to BF756 or 4.5 per cent to BF756. The Bel 20 index was down 0.58 to 1,210.33, up 0.4 per cent on the week.

MADRID focused on the construction sector. Foces closed Pta160 higher at Pta14,810 on rumours that a merger with Valderivas is in the offing. The Comit index rose 3.94 to 603.64, weakness, up 1.4 per cent on the week. Generali, in heavy volume, at one point reached Pta8,750 though it was officially

set L560 higher at L38,500. Mediobanca, the merchant bank which has a stake of up to 5 per cent, closed L560 up at L16,680. Other insurers, including Allianz, Toro and Bas, all continued to gain. Toro was up 0.2% to L27,340.

AMSTERDAM was dominated by the expiry of April series options. The CBS tendency index, which hit two 1991 highs this week, fell 0.6 to 1,061.02, 0.2 per cent lower on the week.

BRUSSELS heard rumours that Societe Generale de Belgique would sell its stake in the chemical concern Gechem, pushing Gechem shares up 4.5% to BF756 or 4.5 per cent to BF756. The Bel 20 index was down 0.58 to 1,210.33, up 0.4 per cent on the week.

Two months ago, 12 of the 26 companies IBES follows had single-digit p/e's with four below 8. Now only five have p/e's in single figures, with only New Zealand still below 8 (at 7).

Those who are still bullish have their own set of numbers to point to. Mr Joe Rooney, European strategist at Jones Lynch, is recommending an overweight position in continental European equities - based in part on an analysis of how bull markets have developed in the past two decades.

Comparing the first three months of any rally with the next 12 months, he believes that the gold index fell 40 to 1,041 but the industrial index rose 8 to a new high of 5,476. The all-share index slipped 5 to 2,900. Vanuatu fell 110 to 1176.

The Supreme Court has ordered San Miguel not to hold its election until the court has decided who has the right to the votes of 20 per cent of the share capital, equivalent to three seats on the 15-member board. The owner of the shares had close links with Mr Ferdinand Marcos, the late former president. San Miguel closed down 1.50 pesos at 58 pesos.

HONG KONG was worried in spite of news that March domestic steel sales were well down from a year earlier.

Comco fell 1.8 cents to A\$3.92 after its chairman warned that 1991 operating profit could be much lower.

Bundaberg Sugar added 2 cents to A\$3.80 to A\$4.01.

THE HONG KONG was worried by the fate of the new airport. The Hang Seng index slipped 31.86 to 3,567.40, down 2 per cent on the week. Turnover fell to HK\$78.87m from HK\$126m.

On the OSB average fell 17.28 to 25,929.00 on volume of 20.7m shares. Nissens, the video game maker, which had been sold recently on margin position concerns, recovered Yen 200 to Yen 2,200.

Traders noted that speculative issues were gaining popularity. Nihon Nohyaku, an agrochemical maker, rose Yen 20 to Yen 2,250 and Tokimec, a hydraulic equipment maker, rose Yen 10 to Yen 3,000 on speculative buying.

On the OSE average fell 17.28 to 25,929.00 on volume of 20.7m shares. Nissens, the video game maker, which had been sold recently on margin position concerns, recovered Yen 200 to Yen 2,200.

Investors' relative interest retreated, with Nippon Steel and Mitsubishi Heavy Industries down 1.2% to Yen 4,600 and Yen 3,850 respectively. Financials were also lower with Bank of Tokyo declining Yen 70 to Yen 2,200 and Nomura Securities falling Yen 40 to Yen 1,700.

Mitsubishi Electric fell Yen 70 to Yen 3,850 on oversupply concern. The company plans to issue D-Mark and dollar demoni-

ASIA PACIFIC

Investors turn back to second-liners

Tokyo

INVESTORS turned back to second-liners yesterday, as the share prices on the board fell on index-linked selling as investment trusts proved by the second year and higher bond yields, writes Emiko Tsuru in Tokyo.

The Nikkei average lost 20.98 to 25,541.97, 0.2 per cent lower on the week, after a high of 27,042.90 and a low of 26,888.67. Volume fell to 360m shares, as institutional investors focused on the second-liners, which rose 2.01 to 3,404.82. The over-the-counter section added 50.94 to 3,688.02. Losers led advances by 665 to 302, with 150 issues unchanged. The Topix index of all firms listed fell 1.48 to 1,958.07 and in London, the ISE/Nikkei 50 index fell 4.56 to 1,958.02.

Investors were discouraged by the lack of monetary easing by the central bank, following Thursday's release of March money supply figures which showed growth of 4.9 per cent, the smallest rise on record.

Interest rate differentials retreated, with Nippon Steel and Mitsubishi Heavy Industries down 1.2% to Yen 4,600 and Yen 3,850 respectively. Financials were also lower with Bank of Tokyo declining Yen 70 to Yen 2,200 and Nomura Securities falling Yen 40 to Yen 1,700.

Mitsubishi Electric fell Yen 70 to Yen 3,850 on oversupply concern. The company plans to issue D-Mark and dollar demoni-

nated warrant bonds in near future.

Mitsubishi Rayon, a synthetic fibre maker, added Yen 5 to Yen 3,000 on reports that an affiliate had developed a high-powered industrial water purifying system.

Japan Steel Works, a cast-steel maker, rose Yen 15 to Yen 700 on strong earnings projections. The company expects a 20 per cent rise in pre-tax profits for the current year, thanks to development projects in suburban Tokyo.

Traders noted that speculative issues were gaining popularity. Nihon Nohyaku, an agrochemical maker, rose Yen 20 to Yen 2,250 and Tokimec, a hydraulic equipment maker, rose Yen 10 to Yen 3,000 on speculative buying.

On the OSE average fell 17.28 to 25,929.00 on volume of 20.7m shares. Nissens, the video game maker, which had been sold recently on margin position concerns, recovered Yen 200 to Yen 2,200.

Investors' relative interest retreated, with Nippon Steel and Mitsubishi Heavy Industries down 1.2% to Yen 4,600 and Yen 3,850 respectively. Financials were also lower with Bank of Tokyo declining Yen 70 to Yen 2,200 and Nomura Securities falling Yen 40 to Yen 1,700.

Mitsubishi Electric fell Yen 70 to Yen 3,850 on oversupply concern. The company plans to issue D-Mark and dollar demoni-

nated warrant bonds in near future.

Traders noted that speculative issues were gaining popularity. Nihon Nohyaku, an agrochemical maker, rose Yen 20 to Yen 2,250 and Tokimec, a hydraulic equipment maker, rose Yen 10 to Yen 3,000 on speculative buying.

On the OSE average fell 17.28 to 25,929.00 on volume of 20.7m shares. Nissens, the video game maker, which had been sold recently on margin position concerns, recovered Yen 200 to Yen 2,200.

Investors' relative interest retreated, with Nippon Steel and

LONDON SHARE SERVICE

J. P. J. C. S.

Weekend FT

Weekend April 20/April 21 1991

SECTION II

WHAT HAS become With its two television staff, and annual budget of £1.4bn it is arguably the biggest broadcasting organisation in the world. When the tumult over satellite television and the franchise auctions for Channel 3 has died away, the BBC's role in a diverse competitive broadcasting environment, even its very survival, will inevitably return to the centre of discussion.

The re-apPOINTMENT this week of Marmaduke Hussey as chairman indicates that pressures for a radical upheaval during the Thatcher years have given way to a more even-handed spirit. However, a large and influential body of opinion, not least of it Tory, continues to question the need for a public service broadcasting organisation of this size. The most radical objectors suggest that the need for public service broadcasting is disappearing altogether. They point to the high quality drama produced by the commercial sector, such as Central's *Inspector Morse* and *Granada's Casebook Of Sherlock Holmes*, in the arts coverage in London Weekend's *South Bank Show* and the impressive work of *Channel 4 News* and *ITV*. Some argue that all but a few odds and ends (education and religion, perhaps, public access and children's programmes) can be profitably supplied by commercial broadcasters.

Even the least radical objectors tend to ask "Why do we need the BBC to import mindless Australian soap operas such as *Neighbours* or to run a pop music channel such as Radio 1?" Since commercial broadcasters are only too happy to provide that sort of thing, why should viewers pay bigger and bigger licence fees — up from £71 to £77 from April 1 — to the BBC? After a decade when bodies as disparate as the coal industry and the civil service have been shedding manpower, and when *ITV* companies are cutting staff by as much as 40 per cent it seems odd, even scandalous, to some that the BBC continues to support a bureaucracy which looks to them like a leftover from the British Empire.

Sir John Harvey Jones, former chairman of ICI, who gave a vivid demonstration of his uncompromising views on business efficiency in the BBC's *Troubleshooter* series, has accepted the scheme of Director-General Michael Checkland to shave £75m a year by 1993 as "rather like sharpening a pencil: nonsense!" Although not everybody accepts Sir John's assertion that the wage bill can be cut by a third and top management by a half, most people, even inside the BBC, agree that large cuts need to be made.

Greg Dyke, managing director of London Weekend, who is regarded as one of the tougher and more pragmatic management thinkers among *ITV*'s younger generation, says recent experience in *ITV* companies suggests that large savings could be made at the BBC, partly by cutting top management and improving cost disciplines. "I change everyone in our building 25% a square foot for where they sit and it concentrates the mind amazingly," he said.

Does quality come first, or should the BBC submit to market forces? Christopher Dunkley reports

But behind this practical debate lies a philosophical debate about whether the size and status of the BBC is necessary to guarantee the quality of British broadcasting as a whole. This debate has been given fresh urgency by the development of new technologies which could usher in greater diversity.

Because of the possibility of many new channels, some ask whether it is dangerous to have one fish in the broadcast netting pool so much bigger than all the others. And should it be involved in every art of broadcasting from the simplest local radio systems to the World Service, from regional television to national networks? Some politicians argue that this may produce arrogance as well as a worrying degree of influence.

However, David Attenborough, former director of *BBC* television, interviewed recently in *The Face*, argued that although the BBC had changed, its continued existence was justified by the high quality and relatively low costs of its programmes.

It has been said that if British television is better than international television (as showings at international festivals indicate), then it is that the BBC has had to compete with the BBC for audiences and prestige. In the words of Greg Dyke: "The BBC has always

been true to its roots. It was these, the first about arts, presented by Kenneth Clark, the second about the sciences, which showed that a serious, informative television

series could attract large audiences, albeit not of soap opera dimensions. As often as not, when an international jury — another prize to a British programme — it is this knack of combining the serious with the popular which they recognise.

Independent makers have

mastered the art, it was the BBC — in this as in so many areas — which showed the way.

Would *ITV* continue to produce material of world-beating quality if the BBC were not standing alongside setting the standards with *Life On Earth*, *The Singing Detective*, Alan Alda's superb monologue dramas *Talking Heads* or a string of ground-breaking comedy successes from *Till Death Us Do Part*, with its

monstrous class Tory All Garretts, *Fawlty Towers* with the manic Basil and infuriant Sybil? It is unlikely *Life On Earth*, the pinnacle of natural history making, as by the expertise of the BBC's specialist unit at Bristol, and by the Corporation's willingness and ability to find funds to such programmes. Would the standard elsewhere be as high without example? Highly unlikely.

Would a purely commercial *ITV* risk the need necessary to make something which looked as odd on the drawing board as *The Singing Detective*, a story combining biography, film noir pastiche, and 1930s songs, told from a hospital bed by a man with an appalling skin disease? Unlikely, yet we might argue it is greatest success of all time to give slow-starting comedies the months, even years, the time it gives in establishing a success? Not at all likely.

This argument may seem to imply that, even if they ceased to compete, commercial broadcasters could always match anything produced in the public service sector if they wanted to. But the BBC have long argued that the Corporation is peculiarly adept at what which has always eluded *ITV*: combining quality and popularity in a single programme. Bill Cotton, who from Head of Variety to Director

Television in the early 1980s has always maintained that this unusual flair can be traced straight back to the experience gained in the heyday of BBC radio, from a host of popular high quality series such as *The Frost Report*, *Carry On Hour*, *Dick Barton Special Agent* and *Rock's Half Hour*.

From the standpoint of the viewer, chiefly concerned with the quality of the service, the advantages of the public system, and in particular the benefits stemming from the BBC, seem pretty clear.

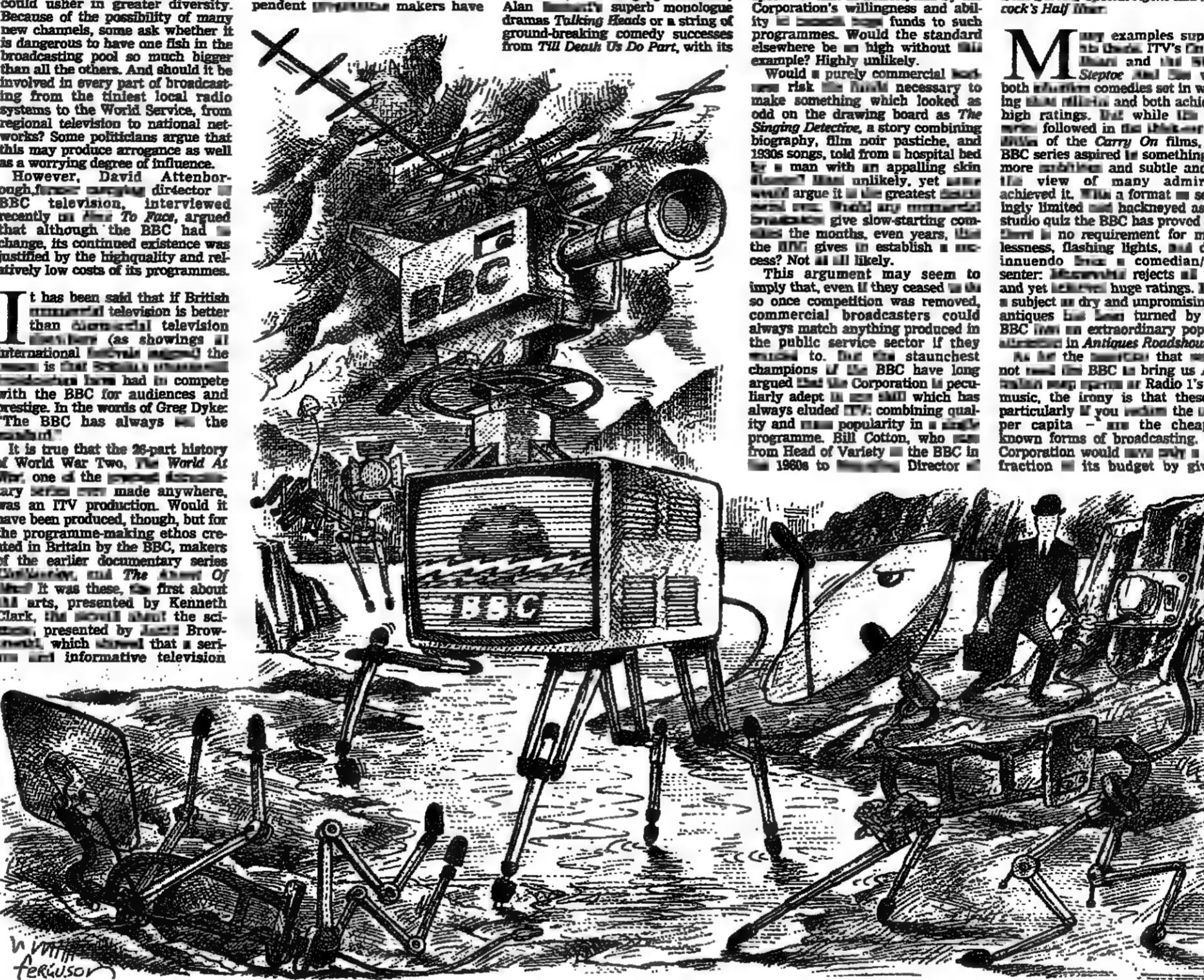
Having secured its claim on the licence fee, *ITV*'s *Carry On* and *Neighbours* both achieved comedies set in working-class Britain and both achieved high ratings. But while *ITV* followed in the footsteps of the *Carry On* films, the BBC series aspire to something far more ambitious and subtle, and the view of many admirers, achieved it in a format seemingly limited and hackneyed as *Neighbours* but the BBC had proved that no requirement for mindlessness, flattery, lights, and dirty innuendo from a comedian/producer.

As for the argument that *ITV* does not need the BBC to bring us Australian soap operas, Radio 1's pop music, the irony is that these, particularly *Neighbours*, are the best known forms of broadcasting. The Corporation would need a tiny fraction of its budget by giving this with productions such as the entirely conventional American comedy *Roseanne*, the American cult *90210*, the *Brady Bunch*, the catalogically tedious *Countdown*, the unremarkable soap opera *Brookside* and another American comedy called *The Wonder Years*, a single program which could be described as "different" — one designed for minorities. In the same way, the BBC's top ten was led by *Read And Drink* and *Horizon*, the excellent science series *Horizon*, *Gods By Design* and *The Big Bang*, yet easily the sort of sectional interests, presumably envisaged by those who run Channel 4 original programming. So the in-house subsidies possible with a public service licence system seem to achieve more programme diversity.

Even so, do we really want this vast organisation with its supercilious liberal spreading its tentacles across the country at every level of broadcasting? Now that the trade unions have forced the centralised government brought to heel, would it not be better if the BBC, too, was whipped into line by the forces of market enterprise along with the rest of mass media — *ITV*, newspapers, magazines and commercial radio? Do we really want the public service ideas, fairness and balance of this huge organisation subject to commercial constraints? Is it not time to do away with the licence fee and the entire edifice into the Rupert Murdoch mould?

But even Dyke, at the heart of the commercial system, is forced to admit: "Of course, if you tell people anywhere in the world they have to pay, you're bound to damage the BBC."

■ *Viewers' Willingness To Pay* by Andrew Ehrenberg and Pam Mills, London School of Economics



Keeping the chairman under control

The Long View



The big institutions want to pack company boards with part-time independent directors, but they will find it hard to find people of the right calibre

(although Midland's experienced combined chairman and chief executive turned out to be disappointing). London is a company where the corporate governance has exactly been to institutional investors

enough in other jurisdictions, but normally are clearly representative of major shareholders, bankers, suppliers, other interest groups; in Germany, where two-tier boards are the rule, the force is represented too.

Along with this emphasis on independent directors goes a preoccupation with non-executive chairmen: the roles of chairman and chief executive should be split, as a way of controlling excessive power. However, according to an analysis by the investment relations committee, Dow Jones Rogers, only 18 of the 100 constituent companies in the FTSE 100 embody this split formula in a pure form, with a non-executive chairman.

About half of these companies are banks and insurance groups, which historically have favoured the predominantly non-executive board of directors. One cannot say, however, that this form of governance has been obviously accepted from the shareholders' point of view. The City of London has provided plenty of part-time jobs through the old boy network, but overall the share prices of clearing banks, merchant banks and general insurance have seriously underperformed the market as a whole (and these sectors are currently awash in bad debts and underwriting losses).

It is a very strange time to be suggesting that this formula should be more widely applied across British industry. Indeed, banks like NatWest

are doing on the board at all? Outside directors are common

the years, the long adopted the recommended role formula; it suggests that will not go far solving problems of concentration. Another out of the 100 also holds the top responsibilities, although in less cases so that the chairman is a full-time but has a chief executive. This leaves another 40 odd chairman rules unchallenged; in such cases there is a particular need for a heavy representation of independent non-executive directors.

These need to be wise, strong and experienced, and yet must not expect any substantial reward, certainly not any participation in share option or pension plans. There must be compensation for office, says the ISC, even though being occasionally awkward and unpopular may be a requirement for a good non-exec. Few such marvellous individuals exist, yet the institutions have felt obliged to invent them because they need some body of representatives to act as surrogate institutional shareholders on the board. Many of the functions of independent non-executives could be carried out by shareholders themselves through resolutions and votes at annual and extraordinary meetings, but modern institutional shareholder has no time to taste for such responsibilities.

As far as I can see, the only way in which the formula could be made to work would be through the role of which could recruit, train and perhaps also motivate the non-executive directors. In this way the delegation of shareholder control might be formalised. But how could all shareholders be required to sign the document? It is a muddle, and the reason why investment institutions are reluctant to suggest clear structural solutions such as two-tier boards or the formal recognition in statute law of non-executive directors and their responsibilities is that other interest groups would representation too, including trade unions. The Bullock Report of the late 1970s has never been forgotten.

However, British companies probably move in the direction of closer informal links with partners, customers and suppliers, and of institutional shareholders are presently standing in the way of this. The best companies have leadership, and for long-term commitment from all their stakeholders, including workers, suppliers and financiers. A high level of involvement on all sides will tend to prevent concentrations of power that is seen in Japan, for example, and when things go wrong various sources of help are available.

The here and now tomorrow shareholder does not easily fit into this structure, and it is not obvious that the independent director can satisfactorily plug the gap.

FIDELITY FUNDS

Target Today's Investment Opportunities.

Our global investment range is one of the most comprehensive available and provides investors with unrivalled opportunities for international investment in today's fast-moving markets.

With Fidelity Funds you have the choice of where, when and how to invest — around the world — backed by the global investment expertise of the world's largest independent investment management organisation.

For a prospectus and further information please call any of the Fidelity Offices listed below.

London: Hilary Smith 44 71 283 9911 Hong Kong: Richard Wascoat 8481700
Munich: Stanley Bronisz 49 89 33 62 03 Amsterdam: Teun Scheer 31 20 710 976
Taipei: Bonita Lee 886 2764 Jersey: Geoffrey Tait 44 534 71696
Singapore: Stephen Law 65 2273033 Bermuda: Mike Sommerville 1 809 295 0665

The Fidelity Fund Range	
Major Market	Country Select
America	ASEAN
Europe	France
Japan	Germany
South East Asia	Hong Kong
	Iberia
	Italy
	Malaysia
	Nordic
	Singapore
	Thailand
	United Kingdom
	European International
	Sterling
	US Dollar
	Yen

Fidelity Investments
Investments

Invested by Fidelity Investments International

London Markets

FORWARD WITH FOOTSIE!

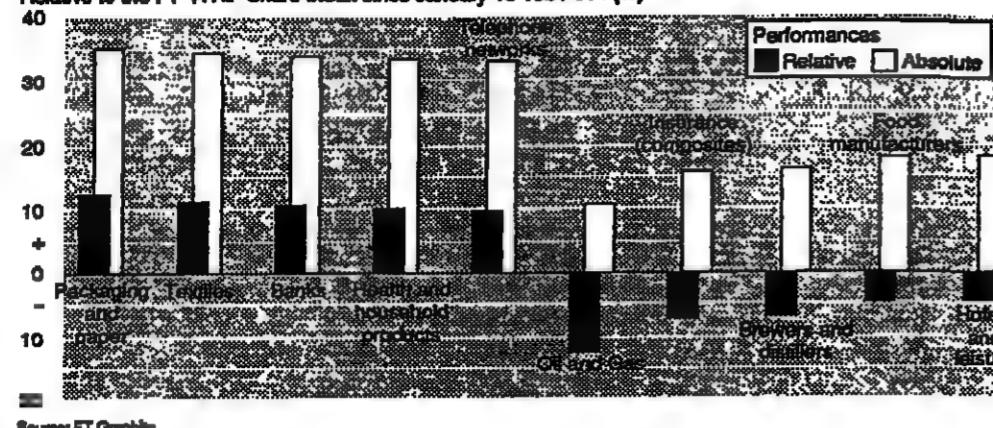
Robert Maxwell planned to write the prospectus for his Mirror Group Newspapers flotation in tabloid English, but the lawyers said no. The idea has its merits, however.

STREETS That's the six-letter outlook for the stock market's top short players.
• "IT'S NOT SO SOMETHING, STAND THERE" says Martin Palmer of stumbling research powerhouse James Capel.
• "LET'S HASSLE" says omniscient FT man-about-the-markets Terry Byland.

In fact, three months into Stor-mom' Norman Schwartzkopf's warhawk stock market, apathy abounds. In the past month or so, the market has risen from 2,500 on the FT-SE 100 (on March 14) to close this Friday at 2,520.1 down 11 on the week. Averaged over a month, the FT-SE's rise works out at less than a point a trading session. It's hard for even the most energetic stock market analyst to get excited about that, though try. Roger Palmer, Kleinwort Benson's market guru, believes the FT-SE is on track for 3,000 by December, which would be a rise of 40 per cent on the year. Even he, however, thinks that the market is likely to pause for breath in the near term.

Leaders and laggards

Relative to the FT-A All-Share Index since January 16 1991 514 (%)



Source: FT Graphics

Wall Street's passage through the 3,000 mark on the Dow-Jones Industrial Average, successfully accomplished on Thursday, reinforces the sense that a phase of marking time is beginning.

Under such circumstances, the market seems for stories with as much vigour (and sometimes as much regard for accuracy) as any tabloid editor.

"FOREIGN THREAT TO ERIN TWINS" has been one of the week's running tales, centering round speculation of a bid for Sir [REDACTED] Harrison's Racial Electronics. A hypothetical bid – involving any or all of Cable & Wireless, Germany's

Mannesmann, Hutchison Whampoa of Hong Kong, and a clutch of US telephone companies – would be primarily a cheap way of getting hold of the company's 80 per cent stake in Racial Telecom, the Telstar cellular telephone network.

Rails and Whampoa has wanted to get its hands on Vodafone in the past, whereas Mannesmann, which is building a cellular network in Germany, was reported this week to be looking for a big foreign acquisition (though it hurriedly added that it had nothing particular in mind and no sense of urgency). Hutchison

Whampoa, like the US Baby Bells, has big cellular ambitions.

In tabloid terms, such circumstantial evidence is enough to justify the story.

And so it proved in the stock market. Since the year's low of 165 in early January, Racial Electronics share price has risen in Alpine leaps, with particularly heavy volume in early April. This week volume, though smaller, was still significant, and the share closed the week at 239, up 8 since the previous Friday.

Other stories, though less juicy, still moved stocks. There were the usual round of "BRITISH BOFFINS PATENT WONDER DRUG" stories, closely followed by an equally familiar tale: "UK NUMBER THREE UNDER THREAT".

Firms and individuals Beecham benefited from stories of the first sort, their shares ending the week at 489, up 11, and up 30 respectively. Wellcome suffered from stories in the second category, but ended the week at 535, up 11. Glaxo – which closed on Friday at 1677, down 11 on the week – got both versions. Some investors were still reacting to a patent suit at Zentac, Glaxo's best-selling ulcer drug, that had emerged the previous week; others had moved on and were now in a mood more interested as "TOPS UK WORSE THAN EVER".

More stories emerge, of course, only after the share price has moved. J.A. Devenish, the West Country regional brewer, has risen spectacularly

from the 150p at which it began the month. It closed on Wednesday at 220p, up 47 per cent in 17 days. The untold story was obviously "WE'RE BIG BECAUSE", because on Thursday the pub-owner (and former brewer) Boddington offered to buy the company in a seven for ten share swap that valued Boddington shares at 235p.

One favourite theme re-emerged: "THE MONEYLASH LOOMES AGAIN AS £500M TO BID WARSHEAT".

Summed up the market's reaction to a £500m bond issue from Hanson. The attractions of 9% per cent finance were brushed aside by those traders determined to see the bond issue as a prelude to a bid for any number of tired old favourites, including Pilkington and Allied-Lyons.

In the background, economic news was casting a shadow. "STEAMING JOUBLES THREATEN TONY HOPES" was one interpretation the market put on Thursday's rise in unemployment to over 2m, the biggest monthly rise on record. With local elections now less than two weeks away, the economic news had political implications as well.

Just as worrying, perhaps, were figures that showed a 1.6 per cent drop in manufacturing output between January and February, with a steepening rate of decline and no sign of a trough. Average earnings in the year to February showed a rise of 9.4 per cent, slightly below January's figures, but not enough to give much hope for the previous Friday.

Other stories, though less

juicy, still moved stocks. There

were the usual round of "BRITISH BOFFINS PATENT WONDER DRUG" stories, closely followed by an equally familiar tale: "UK NUMBER THREE UNDER THREAT".

Firms and individuals Beecham benefited from stories of the first sort, their shares ending the week at 489, up 11, and up 30 respectively. Wellcome suffered from stories in the second category, but ended the week at 535, up 11. Glaxo – which closed on Friday at 1677, down 11 on the week – got both versions. Some investors were still reacting to a patent suit at Zentac, Glaxo's best-selling ulcer drug, that had emerged the previous week; others had moved on and were now in a mood more interested as "TOPS UK WORSE THAN EVER".

More stories emerge, of course, only after the share price has moved. J.A. Devenish, the West Country regional brewer, has risen spectacularly

from the 150p at which it began the month. It closed on Wednesday at 220p, up 47 per cent in 17 days. The untold story was obviously "WE'RE BIG BECAUSE", because on Thursday the pub-owner (and former brewer) Boddington offered to buy the company in a seven for ten share swap that valued Boddington shares at 235p.

One favourite theme re-emerged: "THE MONEYLASH LOOMES AGAIN AS £500M TO BID WARSHEAT".

Summed up the market's reaction to a £500m bond issue from Hanson. The attractions of 9% per cent finance were brushed aside by those traders determined to see the bond issue as a prelude to a bid for any number of tired old favourites, including Pilkington and Allied-Lyons.

In the background, economic news was casting a shadow. "STEAMING JOUBLES THREATEN TONY HOPES" was one interpretation the market put on Thursday's rise in unemployment to over 2m, the biggest monthly rise on record. With local elections now less than two weeks away, the economic news had political implications as well.

Just as worrying, perhaps, were figures that showed a 1.6 per cent drop in manufacturing output between January and February, with a steepening rate of decline and no sign of a trough. Average earnings in the year to February showed a rise of 9.4 per cent, slightly below January's figures, but not enough to give much hope for the previous Friday.

Other stories, though less

juicy, still moved stocks. There

were the usual round of "BRITISH BOFFINS PATENT WONDER DRUG" stories, closely followed by an equally familiar tale: "UK NUMBER THREE UNDER THREAT".

Firms and individuals Beecham benefited from stories of the first sort, their shares ending the week at 489, up 11, and up 30 respectively. Wellcome suffered from stories in the second category, but ended the week at 535, up 11. Glaxo – which closed on Friday at 1677, down 11 on the week – got both versions. Some investors were still reacting to a patent suit at Zentac, Glaxo's best-selling ulcer drug, that had emerged the previous week; others had moved on and were now in a mood more interested as "TOPS UK WORSE THAN EVER".

More stories emerge, of course, only after the share price has moved. J.A. Devenish, the West Country regional brewer, has risen spectacularly

Serious Money**Why banks profit at your expense**

By Philip Coggan, Personal Finance Editor

KEEP A close eye on your bank and building society.

Each is likely to take every opportunity over the next few months to widen its margins at your expense – to increase the charges you pay and to reduce the interest rates you earn.

The changes are a reaction to an era when financial institutions were eager to win the public's business – and were prepared to compete hard for the privilege. The challenge from building societies forced banks, for example, to pay more on current accounts.

The margin between mortgage rates and base rates was

around 12.5% to 12.5% per cent,

double the margin spread.

Now these changes are being

reversed. The rate payable on interest-bearing current accounts has fallen to desirous levels. Lenders have used the recent falls in base rates as a chance to widen their margins – when base rates were 15 per cent, the typical mortgage rate was 15.4 per cent, a spread of 0.4 of a percentage point. Now that base rates are 12 per cent, the spread is 12.5% to 12.5% per cent, double the margin spread.

Halifax, which cut its rate to 12.5% this week, pointed out that borrowers had been protected by artificially low margins from the effect of high interest rates. Now that rates were falling, societies are merely returning the spread to previously prevailing levels.

However, overdraft

have in many cases increased over the past year, in spite of the fall in base rates. Annual rates are as high as 38 per cent on some accounts, if you run up an unauthorised debt.

The cause for all this is the

squeeze on the profits of the

financial sector. Banks, in

particular, have only just recovered from the problems they had themselves by over-lending in the Third

in the late 1980s. Now after a period of high interest rates

coupled with a slowdown in

Peter Martin

The discerning saver will need to monitor his or her accounts carefully

months before they benefit.

Private savers have moved from being courted to being exploited, and they will have to look a lot for the best deal.

In the part of the rationale behind the intensive competition in the personal finance area was the idea of

Individuals armed with a particularly competitive rate on one product could then be sold more profitable services such as life and travel insurance.

Now, with profits under pressure, individual products are having to pay their own way. A good example is credit cards, where in the past, who paid off their bill promptly, paid nothing at all. Many cards now charge an annual fee.

Banks and building societies can normally rely on customer behaviour to prevent them from losing too many customers when they make these changes. It involves a lot of bother to change cheque

books, credit orders and the like. But the discerning saver will need to monitor his accounts carefully.

Bank profits have fallen, and although their management are making some attempt to cut costs (not before time if you consider the level of City salaries), they are also making every attempt to increase their revenues.

Some building societies are feeling the pressure. Note that after base rate cuts, some announce a cut in mortgage rates for new borrowers (which will cost them little, given the lack of activity in the market) but make existing borrowers

feel credit orders and the like. But the discerning saver will need to monitor his accounts carefully.

We have already seen a number of building societies change their accounts – introducing new tiers of savings accounts with more attractive rates than the old. There is nothing wrong in that, except that in most cases they are not written to savers.

Although the changes are advertised in branches, many, including [REDACTED] and [REDACTED] in their branch. They will probably notice the change for some time and will lose out accordingly.

In the current climate, savers and borrowers need to read the small print very carefully. It is tempting to throw away communications from your bank, especially if it is junk mail aimed at selling you new products. But sometimes banks will put information on changes in fees and charges into otherwise harmless-looking publicity blurbs.

And if your bank or building society does start to offer a poor product, be prepared to leave your account.

are now, for example, a number of institutions offering high interest cheque accounts. Some require substantial balances; but some do not.

Every Saturday, the Weekend FT publishes a table called "The Best Rates for Your Money" which highlights the most attractive rates on offer across a number of investments, including Tseas and guaranteed income bonds.

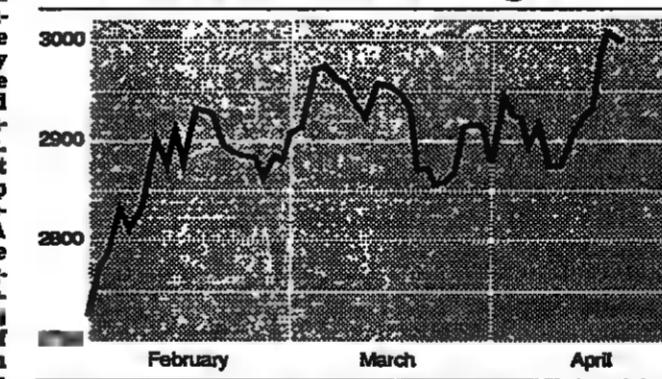
But you still need to be careful not to be "suckered" by a particularly attractive rate, only to find that a few months later, the bank or society ceases its marketing drive and loses its edge. This is particularly true of inflexible products such as Tseas or mortgages, where it can be costly to move from one institution to another.

The moral is: Don't trust an inch.

Wall Street

Dow Jones rides the elevator up and down

Dow Jones Industrial Averages



recovery – and the setbacks that may occur along the way – there is increasing evidence that the recessionary corner has been turned. Moreover, the latest rally has been broad-based and analysts acknowledge that Thursday's correction, in itself an inevitable reaction, was modest.

One further unknown is the extent to which acquisition activity may pick up and add to the froth. For the past six months at least, deal-making has been at a virtual halt and many merger professionals have turned to restructuring busi-

ness instead. In large part,

this downturn has echoed the banking debacle – with lenders unwilling to fund new transactions while they waited to get their capital ratios into shape.

No one is keen to predict a speedy resurgence on this score and certainly this week's spate of US banking results were scarcely a matter for pride. But, anecdotally at least, some investment bankers report that lenders are showing greater interest in reviving a modest deal flow.

This improvement seems to reflect interest from relatively

healthy banking groups, but some deal count US names on their lists.

As for the reporting season itself, this has brought a mixed bag of figures, and similarly disparate stockmarket reactions. In general, the US bank stocks themselves were modest gainers last week. Citicorp rose 1.6% to \$16.75 on Tuesday, in spite of reporting first quarter earnings of \$760m, down from \$831m, increasing loan-loss reserves by \$200m. Others, such as Wells Fargo, Manufacturers Hanover and Chemical Bank, also firmed.

The drug companies, too, unfolded commendable figures, many at the upper end of expectations. Merck shares rose by more than \$1 to \$11.25 mid-week, as the group reported a 31 per cent rise in earnings per share.

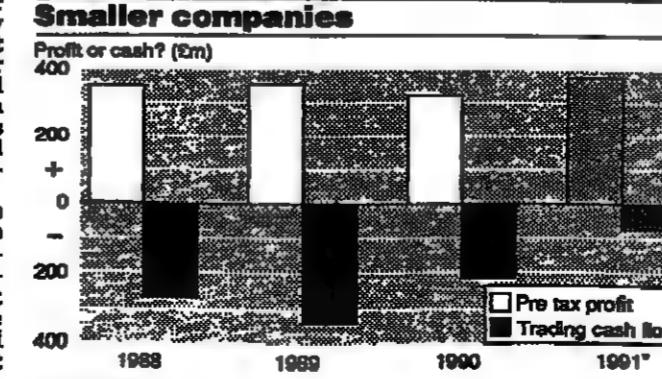
In food and drink, Philip Morris rolled in with 21.5 per cent earnings rise, in line with expectations, while Coca-Cola created rather more stockmarket reaction with a 12 per cent increase in profits, at the top end of predictions. More surprisingly, Sears Roebuck, the nation's largest retailer joined in the fun, with its shares gaining 1.5% on

Nikki Tait

The Bottom Line

Analysts call for a return to fundamentals

Smaller companies



flow is also more critical in a recession when it is not so easy to borrow from the banks.

Companies will need to be able to finance themselves through organic growth.

This is particularly true for smaller companies, which tend to suffer first from any economic downturn and credit squeeze and benefit last from

any improvement in borrowing conditions.

Smaller companies' gearing is also twice that of larger companies, while their interest cover is half that of the larger companies, according to CLL.

The CLL report, which will be published early next week, looks at 88 companies in terms of their funds flow and debt

position, highlighting where each company's finances look constrained and where there is room for flexibility.

CLL's research has found that the average smaller company trades on an 8 times cash flow multiple against a market average of a 13 times earnings multiple.

So which

FINANCE & THE FAMILY

Philip Coggan on a different method of share price analysis

Volumes that speak value

"MORE BUYERS than sellers" is the standard response of one veteran FT reporter when anyone asks him why a particular share price has risen.

It is spoken in jest, but it is also a truism. The balance of supply and demand determines prices. So studying the volume of trade in a company's shares is often just as important as activity that would normally predate the short term price movement.

In the US, share trading has been studied in this way for quite a long time and has been granted the portentous title of "volume analysis".

Why not simply look at whether a price moves up or down? One main reason is that market makers, faced either with a shortage or surplus of stock on their own books, have a tendency to mark prices higher or lower accordingly.

Such a movement is unlikely to be sustained because it is not a product of "real" demand from actual customers, institutional or private.

Similarly it is not much use looking at volume in isolation. Common sense tells us that every share that is bought is also sold vice versa. But if an increase in volume results in a higher price that is a bullish sign. If buyers are forced to raise their bids to persuade existing holders to sell. Similarly, an increase in volume accompanied by a fall in price is bearish.

Charles Wyatt, of research group Volume Analysis, uses a measure called cumulative volume to study market trends. The weekly volume figure is added, if accompanied by a rise in price, but subtracted if accompanied by a fall.

The cumulative volume (cum vol) line will roughly track the share price. However, if the volume line starts to move ahead, that could be a sign of strong demand and a forthcoming surge in price.

The top graph shows the GEC price between October and February. In early January, the cum vol reached a low, but then started to climb ahead of the share price. That increase preceded a jump in

shares, which rose from 155 in February.

The bottom graph shows that Hawker Siddeley's share price has steadily risen this year, helped by rumours of a bid. But the cum vol line has perversely tracked the share price. Wyatt argues that this shows no sign of the increased activity that would normally precede a bid.

In a recent article in *Investor magazine*, Wyatt cited the combination of rising prices and higher trading volumes that preceded the bids for Rank Hovis McDougall in 1988 and for RAT Industries in 1989.

These higher volumes need not necessarily be a sign of insider dealing, although that does occur. Just as often, the increased trading volume is a sign that the would-be predator is building up a stake.

Small investors can easily be suckered into buying speculative stocks on bid rumours. Watching the volume figures can thus prove a useful, although by no means infallible, check if there has been little volume talk of a bid is more likely to be based on rumour than fact.

The largest shares will naturally enjoy the largest volumes. What counts is unusually high volume levels.

Jerry Evans, an analyst for County NatWest WoodMac, cites two significant examples. The first is the percentage of a group's shares that have been traded. For example, he found actively traded shares by this April 8 at Frogmore Estates, which was subject to a bid from Southend Properties and saw 10.3 per cent of its capital change hands.

The other measure is the value of shares traded. On this measure, the value traded in the same period was Pearson, owner of the Financial Times, due to the placement of Dutch group Elsevier's 8.8 per cent stake.

The interpretations applied to volume analysis can bring it close to chartism, the study of patterns in share price movements. As an example, Wyatt cites two key "rules".

The first is that "a sudden increase in volume in a stock is bullish when it follows a significant downward trend in share price." The pattern to look for, he says, is a trickle down in price on steady volume, followed by a sudden increase in volume with a static price. That can be a sign of the reappearance of buyers.

The second rule is really the reverse of the first. The pattern is a drift upward in price on steady volume, followed by a significant increase in volume with a static price. That, Wyatt argues, is a bearish sign, since it shows that sellers are on the prowl again.

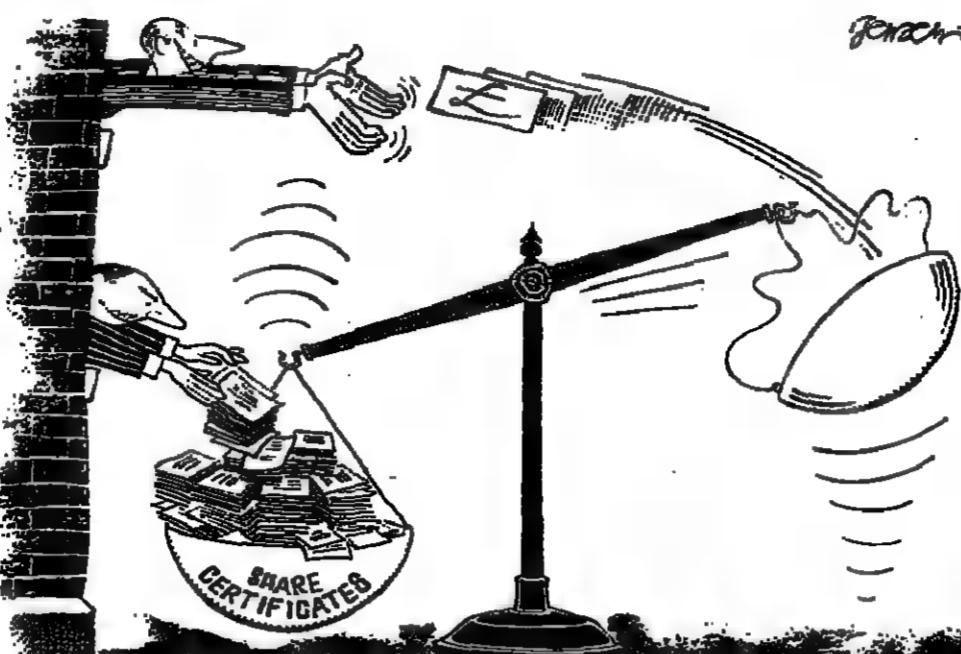
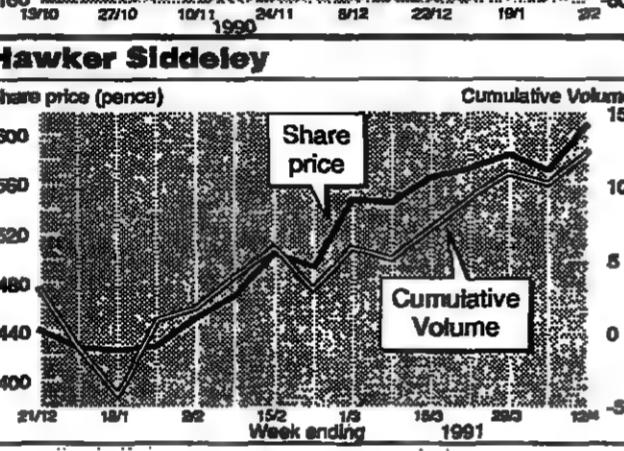
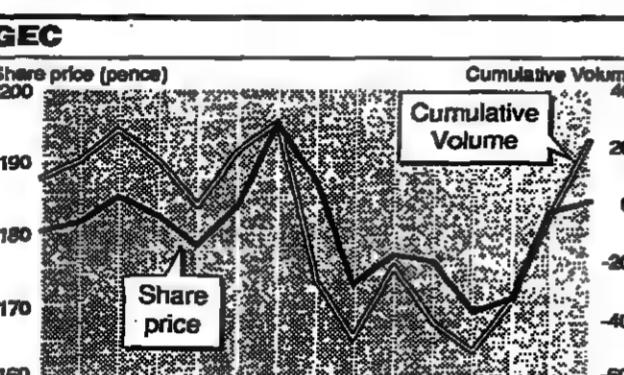
The important thing for the small investor is not to get too carried away, but to use volume as an adjunct to more fundamental analysis. Profit and dividends are important factors to ignore.

Volume analysis is not confined to single shares. Jerry Evans regularly tracks the trading volume across the whole market. When the FTSE 100 Index fell during last year, from 2,150 to 1,900, there was relatively low volume. This is a sign, he says, that the market is becoming undervalued, as there was no real selling pressure. However, he argues that the market is in the market is becoming overvalued, as it has been accompanied by heavy trading.

So how do private investors track volume movements in the market? The answer is, only with some difficulty. The FT prints trading volumes in major stocks every day in markets.

However, these figures, which come from SEAG, lump together computer and intracompany trades and can contain inaccuracies. At least they can be used as a guide to changes in volume levels. We also publish the total trading volume for the market, a rough guide is £1bn a heavy day and below £300m is light.

From now on, Finance and the Family will be looking at major stocks on a monthly basis and highlighting those whose volume patterns are significant. Readers will thus keep up with what is becoming an increasingly popular way of analysing the market.



It pays to be Scottish

CUSTOMERS OF **Scottish Power** and **Hydro Electric** should be smiling this week following the announcement of the shareholder incentives for the members of the two Scottish electricity companies.

Advisers have put together a package for customers which is closely modelled on the generous deal available when the English and Welsh regional electricity companies (Recs) were sold last year.

Other UK providers have not been forgotten. But they stand to gain only a relatively meagre 1-for-20 share bonus if they hold shares bought in the offer until June 30.

By contrast, members of Scottish Power and Hydro will receive a 1-for-20 share bonus, plus a maximum of 150 worth of vouchers for every 100 shares allocated, up to a maximum of 1,500 worth of vouchers.

Remember that you will only be eligible for incentives if you register with the Electricity Share Information Office (tel: 041-411-1411).

As far as customers are concerned, registration guarantees preferential allocations in the event of oversubscription - and if the current level of interest is maintained, that will be very important.

Registrations have already reached 2m, which means the flotation is well-pegged with last November's Recs' sale, in which allocations sold down greatly. Non-customers who register are not being guaranteed preferential treatment, although they may get priority over other members of the public.

For more information on buying shares in your local company, contact Clare Pearson.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notion/ Term	Minimum deposit	Rate %	Int. paid
INVESTMENT WITHIN BONDS (Gross)						
BS Cheltenham BS	SuperSaver 0273 371371	Postal 0633 371371	Instant	£1,13.00*	Y/y	
BS Peterborough BS	Special 85 0758 261907	85 Day 1.3.93	2,500	£2,500 12.70*	Y/y	
Skipton BS	Optimum Bond 0756 700500	15 Day 1.3.93	15,000	£15,000 14.05*	Y/y	
Bristol BS	Special Edition 0752 742211	31.4.92	25,000	£25,000 15.00*	Y/y	
TREASURIES (Tax Free)						
Cambridge BS	0223 315440	5 Year	£1,15.00*	Y/y		
Skipton BS	0756 700500	5 Year	£15,25*	Y/y		
National Counties BS	0372 742211	5 Year	£100,000 15.40*	Y/y		
HIGH INTEREST CHEQUE A/Cs (Gross)						
Bank	IBA Classic 011 550 0000	Instant	£1,11.50*	Y/y		
American	(Postal A/C) 0141 230230	Instant	£1,11.50*	Y/y		
	Cardholder A/C 091 251 7131	Instant	£1,11.50*	Y/y		
	Current A/C 091 251 7131	Instant	£1,11.50*	Y/y		
OFFSHORE ACCOUNTS						
AB & Prov (Ireland) Ltd	Independent 0624 662828	Instant	£10,000 14.00*	Y/y		
AB & Prov (Ireland) BS	Maximum 90 Day 0624 313201	90 Day 31.3.92	25,000 12.80*	Y/y		
AB & Prov (Ireland) Bingley Ltd	Bond 0624 313201	31.3.92	25,000 14.33% OM			
C & G International Bonds Ltd	Guernsey Gold 0800 272383	Instant	£23,000 14.67% OM			
GUARANTEED INCOME BONDS						
FN Financial FN	081 940 8343	1 Year	£50,000 8.70%	Y/y		
FN Liberty Life FN	081 940 8343	2 Year	£50,000 9.25%	Y/y		
FN Consolidated FN	081 940 8343	3 Year	£25,000 9.50%	Y/y		
FN FN	081 940 8343	4 Year	£2,000 8.50%	Y/y		
	0800 251 7131	5 Year	£25,000 9.50%	Y/y		

All rates (except Guaranteed Income Bonds) are shown Gross. * = Fixed Equivalent Rate. Fixed = Fixed Rate (All other rates are variable). O/I = Interest paid on maturity. N = Net Rate. S = Standard Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Whitewhose House, Whitewhose, Norfolk.



If a high return

on investment

is music to

your ears, send

off for a copy

of our record.

We are referring, of course, to our brochure which explains the profitable ways to invest your money. And it tells you about a simple, inexpensive way to take advantage of the performance potential of trusts. The Touche Remnant Investment Trust Savings Scheme

It allows you to invest from as little as £1 a month, with lump sums starting at £250. It offers a range of trusts with varied investment objectives from which to choose. It provides for capital growth, income or a mixture of both. And it's from Touche Remnant, Britain's leading investment trust management - with over £1,000 million of assets under management.

For the complete story send the coupon today to a copy of our brochure. Or call Charles Hedgeland on 071-834 0295. Investors should bear in mind that the price of shares can go up as well as down. This may result in an investor realising an amount which is less than that originally invested. Touche Remnant & Co is a member of IMRO.

TOUCHE REMNANT
INVESTMENT TRUST SAVINGS SCHEME

FOR FULL DETAILS OF THIS INVESTMENT TRUST SAVINGS SCHEME

NAME (MR/MRS/MISS/MPS)

ADDRESS

POST CODE

TELEPHONE

TELEGRAMS

TOUCHE
REMNANT

OFFSHORE FINANCIAL REVIEW

A FINANCIAL TIMES publication

OFFSHORE FINANCIAL REVIEW
Boundary House
51-93 Charterhouse Street
London EC1M 5DP
Tel: 071-251 1414

Please return to Kevin Phillips, Offshore Financial Review, Boundary House, 3rd Floor, 01-93 Charterhouse Street, London EC1M 5DP	
<input type="checkbox"/> I wish to receive Offshore Financial Review free every month.	
<input type="checkbox"/> I confirm that the details below are correct.	
<input type="checkbox"/> Please send me information about advertising in Offshore Financial Review.	
Name _____	Job Title _____
Nature of Business _____	Organisation _____
Address _____	Address _____
Post code _____	Phone _____
T13.81	

Reproduced by arrangement with Offshore Financial Review Ltd.

FINANCE & THE FAMILY

Clare Pearson reflects on the flotation of a famous newspaper
The Mirror enigma

IF YOU were going to dream up a company likely to revive the offer for sale market, long-sought-after assets of privatisations, you would probably not pick Mirror Group Newspapers, part of Robert Maxwell's business empire.

Maxwell will keep slightly more than 50 per cent of MGN shares. His reputation for unpredictability and aims oddly with a flotation aimed at the public.

The company is coming to the market later this month via a part-public offer and is conducting a full-trimminess marketing campaign. The share price will feature Mirror editor-in-chief Andy Capp and columnist Anna Radcliffe, but it will not be favoured over other applicants.

It seems a lot of fuss for a share sale expected to raise at most £250m, with only about



and continental Europe. The company has interests in forest products and commercial printing in North America but its main activity is newspaper publishing, including the *Daily and Sunday Mirror*, *The People*, *The Daily Record* and the *Sunday Mail*, as well as racing and free papers.

From the pathfinder prospectus, which was published this week, it emerges that these titles are valued at £625m. This document also demonstrates the remarkable transformation in their profitability effected under Maxwell's stewardship.

Pre-tax profits have increased from virtually nothing when Maxwell bought the company from Reed International in 1984. Last year they rose from £31.9m to £33.3m. Operating margins increased from 15.8 to 19.5 per cent.

The company has been reaping the benefits of £500m of

investment. It has been at the forefront of colour technology and of clever techniques which appeal to advertisers, such as inserting and regionalisation.

No-one expects growth in profitability to continue at similar rates. But, MGN advisers argue, the company has emerged as a firmly-based and cash-generative business underpinned by a stable readership base, which is important for tabloids because circulation accounts for a large proportion of revenue.

Even so, observers believe the pricing of the shares, due to be announced on April 30, will have to take account of the nervousness, widespread among institutional investors, over MGN's chairman and majority shareholder.

So look carefully for comments on how the market reacts to the pricing before deciding whether to apply.

£200m targeted at private investors. The balance will be spread thinly between institutions in the UK and North America.

It all seems a lot of fuss for a share sale expected to raise at most £250m, with only about

Halifax cuts mortgage rate

HALIFAX Building Society, Britain's largest mortgage lender, cut its mortgage rate from 13.75 per cent to 12.56 per cent this week, but there is still enough competition in the market to ensure that it was undercut by some societies.

Skipton Building Society cut its rate by 0.9 per cent to 12.35 per cent and the Woolwich made a 0.55 percentage point cut to 12.9 per cent. Existing Skipton borrowers will have to wait till May 18 for the cut whereas borrowers with Halifax and the Woolwich will benefit from May 1.

However, the two-thirds of Halifax's 1.8m borrowers on the annual review scheme will

continue to pay 14.5 per cent until next year. The 1991-92 rate was set in February, when base rates were higher.

Halifax offers discounts for larger loans, charging 12.15 per cent (previously 13.05 per cent) for loans of between £80,000 and £89,995, and 11.95 per cent (12.55 per cent) for larger loans. Woolwich charges 12.15 per cent (13 per cent) for loans above £80,000.

Halifax is also to offer a customer loyalty bonus of 1 percentage point for borrowers by a good payment record who move house and stay with the society. The discount only applies to loans up to 90 per cent of the house's value.

Royal Bank of Scotland has dropped its mortgage rate from 13.85 per cent to 12.55 per cent. The new rate will apply to existing borrowers from May 1 and to new borrowers immediately. Southdown Building Society has reduced its rate to 12.75 per cent, down from 12.75 per cent from June 1 for existing borrowers and at once for new borrowers.

Savers normally take longer to hear of changes in rates but they will obviously see reductions. Halifax has cut its savings rates by up to 1 per cent, although its tax-exempt special savings account (Tessa) rate stays at 14 per cent.

Philip Coggan

Tessa returns holding firm

REMEMBER TESSA? A much half-ho in the beginning of this year, building societies launched a new range of products, generally at very attractive rates of interest.

Competition for accounts is still holding many at what may be artificially high levels, while the steady cut in base rates since February has not been reflected, except in the deals offered by a few banks.

According to Money Facts, which provides the *Financial Times' Best Rates for your Money* (see III), only two Tessas - 15 per cent or better when the scheme was launched.

By mid-February, in spite of

a fall in inflation and indications that base rates were set to fall, 12 Tessas providers were offering 15 per cent or better. Now, only three of Money Facts' original sample are that high - Cambridge, Skipton, and National Counties. Abbey National cut to 14 per cent last week.

Many providers, particularly among the building societies, seem to have been influenced more by competition than by the prevailing economics of what they could afford to offer savers. They could be using Tessas as "loss leaders".

Few accounts have shed as much as the two percentage points that have come off base rates this year, showing that building societies believe there

is still new custom to be won.

Societies who started more conservatively, with rates in the 15 per cent range - including Halifax and Cheshunt - have increased their rates over the last three months to strengthen themselves against the competition.

Banks, on the other hand, do not seem to be trying and tend to offer around 1.5 per cent less than building societies. For example, Lloyd's is now offering 12 per cent, compared to 14.5 per cent at the end of January - a decline which has actually been faster than the fall in base rates. Other banks which have recently cut rates include TSB, down a percentage point to 13 per cent, and Ulster, also down a percentage

point to 12.5 per cent.

Plainly Tessas do not behave like the simple savings or mortgages. John Woods, of Money Facts, said: "If there is a trend, it is that banks really do not seem to have been prepared to offer very high rates to get Tessas. The unit trust arm is also understood to be about to announce the appointment of a new managing director."

The unit trust group is only a relatively small element in TR's portfolio, consisting of one-ninth of total funds under management at the end of 1990.

Although the open-ended funds only emerged from the unitisation of the old Cedar Investment Trust, TR has managed a more than respectable performance. Five of the 13 trusts with a three-year record are in the top quartile (highest 25 per cent) in their sector. Over seven years, four out of seven are in the top 25 per cent.

The European Special Situations trust is the largest in the stable, at around £57m, having risen to sixth in its sector over three years. Its shorter term performance is less impressive placing it 75th out of 119 funds over one year.

Stephen Peak, the manager, says that he was successful with his stock selection in the early years of the trust. But on spite of some good geographical asset allocation decisions, the fund was hit by market preference for more mainstream stocks last year.

The General Growth trust is seventh in its sector over seven years and is a first quartile performer over three years. Job Curtis, manager of the trust, says it was heavily invested in smaller and medium companies up to 1987, but then switched into larger companies at what turned out to be the right moment.

Paul Mandrusi, TR's chief executive, says that although the group has an investment policy committee, it still gives a reasonable degree of latitude to the specialist fund.

"An over-controlled

market does not necessarily mean that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he was charged for the full year because it had been his sole or main residence for 12 months, even though he had only been present for five.

The CICO was acting within his discretion and following the six-month rule of thumb. The charge is on the person, not the property, according to the DfT. The

fact that the tenant had been paying poll tax for five months did not affect the owners' liability if, in the CICO's opinion, he had access to it as his prime throughout the period.

A number of lessons arise from this:

■ The CICO has wider and more subtle powers than many people realise. You have a right of appeal, which should be made to the CICO at the town hall which issued the poll tax bill.

■ Remember the six-month rule. You are likely to pay the charge for full year if you lived in a property you owned for more than six months of the year.

■ If you are letting a property to someone who will be using it as their sole or main residence, you might tell them that they should register for the charge. Otherwise that will cost you extra money. The DfT will expect the owner to pay the poll tax, unless a tenant has registered the house or flat as his sole or main residence.

Similar problems afflict expatriates who let their houses. One FT reader was abroad for the five months following the introduction of poll tax, finding that the tenant of his house paid the tax. When the reader returned he

	Cash	Dividends	Per share
1	1.10	1.10	1.10
2	1.10	1.10	1.10
3	1.10	1.10	1.10
4	1.10	1.10	1.10
5	1.10	1.10	1.10
6	1.10	1.10	1.10
7	1.10	1.10	1.10
8	1.10	1.10	1.10
9	1.10	1.10	1.10
10	1.10	1.10	1.10
11	1.10	1.10	1.10
12	1.10	1.10	1.10
13	1.10	1.10	1.10
14	1.10	1.10	1.10
15	1.10	1.10	1.10
16	1.10	1.10	1.10
17	1.10	1.10	1.10
18	1.10	1.10	1.10
19	1.10	1.10	1.10
20	1.10	1.10	1.10
21	1.10	1.10	1.10
22	1.10	1.10	1.10
23	1.10	1.10	1.10
24	1.10	1.10	1.10
25	1.10	1.10	1.10
26	1.10	1.10	1.10
27	1.10	1.10	1.10
28	1.10	1.10	1.10
29	1.10	1.10	1.10
30	1.10	1.10	1.10
31	1.10	1.10	1.10
32	1.10	1.10	1.10
33	1.10	1.10	1.10
34	1.10	1.10	1.10
35	1.10	1.10	1.10
36	1.10	1.10	1.10
37	1.10	1.10	1.10
38	1.10	1.10	1.10
39	1.10	1.10	1.10
40	1.10	1.10	1.10
41	1.10	1.10	1.10
42	1.10	1.10	1.10
43	1.10	1.10	1.10
44	1.10	1.10	1.10
45	1.10	1.10	1.10
46	1.10	1.10	1.10
47	1.10	1.10	1.10
48	1.10	1.10	1.10
49	1.10	1.10	1.10
50	1.10	1.10	1.10
51	1.10	1.10	1.10
52	1.10	1.10	1.10
53	1.10	1.10	1.10
54	1.10	1.10	1.10
55	1.10	1.10	1.10
56	1.10	1.10	1.10
57	1.10	1.10	1.10
58	1.10	1.10	1.10
59	1.10	1.10	1.10
60	1.10	1.10	1.10
61	1.10	1.10	1.10
62	1.10	1.10	1.10
63	1.10	1.10	1.10
64	1.10	1.10	1.10
65	1.10	1.10	1.10
66	1.10	1.10	1.10
67	1.10	1.10	1.10
68	1.10	1.10	1.10
69	1.10	1.10	1.10
70	1.10	1.10	1.10
71	1.10	1.10	1.10
72	1.10	1.10	1.10
73	1.10	1.10	1.10
74	1.10	1.10	1.10
75	1.10	1.10	1.10
76	1.10	1.10	1.10
77	1.10	1.10	1.10
78	1.10	1.10	1.10
79	1.10	1.10	1.10
80	1.10	1.10	1.10
81	1.10	1.10	1.10
82	1.10	1.10	1.10
83	1.10	1.10	1.10
84	1.10	1.10	1.10
85	1.10	1.10	1.10
86	1.10	1.10	1.10
87	1.10	1.10	1.10
88	1.10	1.10	1.10
89	1.10	1.10	1.10
90	1.10	1.10	1.10
91	1.10	1.10	1.10
92	1.10	1.10	1.10
93	1.10	1.10	1.10
94	1.10	1.10	1.10
95	1.10	1.10	1.10
96	1.10	1.10	1.10
97	1.10	1.10	1.10
98	1.10	1.10	1.10
99	1.10	1.10	1.10
100	1.10	1.10	1.10
101	1.10	1.10	1.10
102	1.10	1.10	1.10
103	1.10	1.10	1.10
104	1.10	1.10	1.10
105	1.10	1.10	1.10
106	1.10	1.10	1.10
107	1.10	1.10	1.10
108	1.10	1.10	1.10
109	1.10	1.10	1.10
110	1.10	1.10	1.10
111	1.10	1.10	1.10
112	1.10	1.10	1.10
113	1.10	1.10	1.10
114	1.10	1.10	1.10
115	1.10	1.10	1.10
116	1.10	1.10	1.10
117	1.10	1.10	1.10
118	1.10	1.10	1.10
119	1.10	1.10	1.10
120	1.10	1.10	1.10
121	1.10	1.10	1.10
122	1.10	1.10	1.10
123	1.10	1.10	1.10
124	1.10	1.10	1.10
125	1.10	1.10	1.10
126	1.10	1.10	1.10
127	1.10	1.10	1.10
128	1.10	1.10	1.10
129	1.10	1.10	1.10
130	1.10	1.10	1.10
131	1.10	1.10	1.10
132	1.10	1.10	1.10
133	1.10	1.10	1.10
134	1.10	1.10	1.10
135	1.10	1.10	1.10
136	1.10	1.10	1.10
137	1.10	1.10	1.10
138	1.10	1.10	1.10
139	1.10	1.10	1.10
140	1.10	1.10	1.10
141	1.10	1.10	1.10
142	1.10	1.10	1.10
143	1.10	1.10	1.10
144	1.10	1.10	1.10
145	1.10	1.10	1.10
146	1.10	1.10	1.10
147	1.10	1.10	1.10
148	1.10	1.10	1.10
149	1.10	1.10	1.10
150	1.10	1.10	1.10
151	1.10	1.10	1.10
152	1.10	1.10	1.10
153	1.10	1.10	1.10
154	1.10	1.10	1.10
155	1.10	1.10	1.10
156	1.10	1.10	1.10
157	1.10	1.10	1.10
158	1.10	1.10	1.10
159	1.10	1.10	1.10
160	1.10	1.10	1.10
161	1.10	1.10	1.10
162	1.10	1.10	1.10
163	1.10	1.10	1.10
164	1.10	1.10	1.10
165	1.10	1.10	1.10
166	1.10	1.10	1.10
167	1.10	1.10	1.10
168	1.10	1.10	1.10
169	1.10	1.10	1.10
170	1.10	1.10	1.10
171	1.10	1.10	1.10
172	1.10	1.10	1.10
173	1.10	1.10	1.10
174	1.10	1.10	1.10
175	1.10	1.10	1.10
176	1.10	1.10	1.10
177	1.10	1.10	1.10
178	1.10	1.10	1.10
179	1.10	1.10	1.10
180	1.10	1.10	1.10
181	1.10	1.10	1.10
182	1.10	1.10	1.10
183	1.10	1.10	1.10
184	1.10	1.10	1.10
185	1.10	1.10	1.10
186	1.10	1.10	1.10
187	1.10	1.10	1.10
188	1.10	1.10	1.10
189	1.10	1.10	1.10
190	1.10	1.10	1.10
191	1.10	1.10	1.10
192	1.10	1	

MINDING YOUR OWN BUSINESS

Nick Garnett on a company trying to plot a way through hard times

Maze maker struggles to find the thread

ON THE WALL in Adrian Fisher's office hangs one of those perplexing drawings by the Dutch artist Escher of paths winding into four-dimensional dead ends. It is an apt decoration for the man whose company claims to be the biggest designer of mazes in Britain.

Since setting up in the early 1980s, Minotaur Designs has accounted for 22 of the 100 or so mazes that dot Britain. The intricate sinuousity of its paths and hedgerows has been the biggest spur in more than doubling the number of mazes in labyrinth, making it the most maze-conscious country outside Japan.

The British Tourist Board has designated 1991 the Year of the Maze, so business for Minotaur should be booming.

"It is hardly doing that," says Fisher. "It has been quite thin recently. People have ideas but they don't have the money." So thin, in fact, that the company has made a mental shift in its work on enigmatic twists and turns. Resigning his route now accounts for almost a third of its £20,000 yearly turnover.

Fisher, who is 29, is a former administrator with PTT who had made a hobby out of maze history. He was offered his first contract to design a labyrinth after writing a letter on the subject to *The Times* in 1989. By 1990 Minotaur Designs, which resides in the top floor of a house in Harpenden, Hertfordshire, was set up.

"I borrowed £12,000 on a loss guarantee scheme. That was not clever," says Fisher.

"It would have been better to stick it on the mortgage because it really hits cash flow when you need it."

Some of the money went on a computer, used for book keeping though not maze design. Minotaur's meandering teasers are drawn by pen on paper. "It was very tough during the first two years. Income was half of what it was at FT and I had no experience of marketing and selling."

The company spends a good deal of time and money on promotion — though not advertising — attracting customers which include stately homes open to the public, private houses and local authorities. One of its goals is to maintain the tradition of the fantastic variety in labyrinth which are an ancient form of both amusement and religious expression. The oldest mazes include rock carvings dated 1700 BC in Sardinia and a 13th century panel at Chartres Cathedral. Britain's earliest hedge maze is at Hampton Court and the most complex, with tricky U-turns, is at Longleat House, Wiltshire.

A third of all mazes designed by Minotaur are made of hedges. These include an Alice in Wonderland labyrinth in Dorset which portrays the Mad Hatter and other creatures from the story and a new hedge maze at Leeds Castle incorporating a grotto. Non-hedge labyrinths include a brick path at Parham Park, West Sussex and a unicorn and lion brick pavement in the town centre of Worksop. One of the biggest is a maze of 30 wall mirrors with

visual deceptions and central fountain at Somerleyton's Wooley Hall.

Fisher ("I hate jigsaws") says there are 12 categories of maze. These include unicursal — with a single path and no junctions — and processional — with a quick exit — to very complex four-dimensional ones with bridges and underpasses. Many of the 200 mazes built during the Japanese maze craze that took hold in the mid-1980s are large wooden structures on several levels. The Japanese, once built by bards, have since dug up 70 of these.

"We are in even less than a niche market, more of a crevice market," says Fisher. "Maze is minimalist art. The business of creating mazes is to ensure they fit into the landscape, that they are great fun for children and that they have hidden meanings."

The Blenheim maze at Blenheim Palace encompasses a design inspired by the stone carvings of Grinling Gibbons. The Saxon maze at Herb Farm, Sonning Common, is in the shape of four mythical Saxon sea creatures. The Gardeners' labyrinth at Capel Manor, Enfield, traces the steps of early plant gatherers.

The total cost of building one of these whimsical conundrums ranges from £10,000 to £100,000 and up. Of this, Minotaur's fees for design and overall project management will be about a quarter. Fisher charges a daily rate of £450. Employing a landscape specialist, Lesley Beck, as well as another maze designer,

total costs, Minotaur uses a variety of artisans on contract. The mechanics of putting together a maze, the main contractor for which might be a landscape design company rather than Minotaur, can pose difficulties. One or two subcontractors have done a bunk without completing the work satisfactorily.

"We now encourage clients to shortlist local contractors," says Fisher. Some clients get carried away and start meddling.

"We had one case where they poured concrete for a maze in the wrong place and having designed the labyrinth we had to subsequently change the entry and exit point. That is very annoying."

Fisher has recently had a book published on the art and mythology of the maze and is writing a British maze guide. This together with the Year of the Maze should have generated a lot of business. It is unfortunate that this effort, which cost about £20,000 in time and money, was made when high interest rates began pummeled people's pockets. Fisher says Minotaur received just £4,500 in sponsorship during this period.

"Interest rates are devastating. If we had had this Year of the Maze campaign two years ago I think we would have probably had 20 landscape commissions during this year. As it is, we have had very, very little. There is less money and less business about."

Minotaur is looking for some large maze contracts of around £200,000 and at the other end of the business, it is marketing a £3,000 portable maze made of plastic pieces. Fisher believes though that the designing of bus route maps and related work such as sign systems for airports could become increasingly lucrative. It is ironic that a company designing puzzles in which people might get lost is now seeking to help them find their way.

■ **Minotaur Designs, 7 Holly Bush Lane, Harpenden, Herts AL5 4AL. Tel: 0822-461382.**



Budding labyrinth: the Railants maze at Capel Manor gardens, Enfield, designed by Adrian Fisher and still growing Alan Hersey

Randall Costa, Minotaur uses a variety of artisans on contract. The mechanics of putting together a maze, the main contractor for which might be a landscape design company rather than Minotaur, can pose difficulties. One or two subcontractors have done a bunk without completing the work satisfactorily.

"We now encourage clients to shortlist local contractors," says Fisher. Some clients get carried away and start meddling.

"We had one case where they poured concrete for a maze in the wrong place and having designed the labyrinth we had to subsequently change the entry and exit point. That is very annoying."

Fisher has recently had a book published on the art and mythology of the maze and is writing a British maze guide. This together with the Year of the Maze should have generated a lot of business. It is unfortunate that this effort, which cost about £20,000 in time and money, was made when high interest rates began pummeled people's pockets. Fisher says Minotaur received just £4,500 in sponsorship during this period.

"Interest rates are devastating. If we had had this Year of the Maze campaign two years ago I think we would have probably had 20 landscape commissions during this year. As it is, we have had very, very little. There is less money and less business about."

Minotaur is looking for some large maze contracts of around £200,000 and at the other end of the business, it is marketing a £3,000 portable maze made of plastic pieces. Fisher believes though that the designing of bus route maps and related work such as sign systems for airports could become increasingly lucrative. It is ironic that a company designing puzzles in which people might get lost is now seeking to help them find their way.

■ **Minotaur Designs, 7 Holly Bush Lane, Harpenden, Herts AL5 4AL. Tel: 0822-461382.**

your computer if your staff cannot do the end-of-month reconciliations.

An unrecorded ledger will run to seed and the figures will become untrustworthy. People then lose confidence in the numbers and start blaming it for being "wrong". But what else can you expect if the person running the accounts does not understand accounting?

Bookkeeping is a precise, skilled and intensely practical craft. So before you buy an account package make sure you have an experienced bookkeeper in place to run it properly, and buy the package (Ferguson, Sage, or whatever) which he knows and wants to use.

David Carter

■ **David Carter is a consultant in information systems for small companies. Tel: 0727-535956.**

Computing

Always remember the human factor

much is fine in from your customers and when.

But in practice these benefits may not fully be realised. The introduction of a computer can show up cruelly the lack of financial skills in a small business. Businesses buy a computer to do their accounts, then hand it over to the office junior to run. Sadly this breaks a fundamental rule — the person who runs the business needs to understand accounting.

At times errors will creep into any record-keeping system. Invoices are omitted or put on twice. A cheque for £15.20 is copied wrongly into

the books as £112.50. Invoices are posted to the wrong customer account. These errors must constantly be searched for, detected and weeded out.

Over the years the accounting profession has devised ways of "reconciling" one account book with another in order to eliminate errors. At the end of each month the bookkeeper goes through this series of reconciliations. If the totals of two books disagree it signals an error. He works his way back through all the month's postings until ultimately he finds the source of the error. Then he reverses it out, enters the transaction correctly and recalculates the totals. When the totals of the various books finally agree it means that errors have been eliminated. Only now are the books proven accurate; only now can the bookkeeper start to build up accounts for next month.

With a computer the same end-of-month reconciliations must be done. In some ways computerised books are more exacting than manual. Suppose you have a customer who is also a supplier. He owes you £1,000 but you owe him £500, so he sends you a cheque for £400. The account postings for this are quite complicated.

With a manual system you can record the £400 receipt in the cashbook, scribble a note beside it explaining what happened and let the accountant sort it out at year-end. But a computer is rigid and won't let you do this let alone have to get those account postings on to the computer properly, and you have to get them on NOW.

So before buying an account package you must take a hard look at yourself and the way you keep your current financial records. Do you employ an experienced bookkeeper — either part-time or full-time? If not, how financially literate are you and your staff? (As a rough test, is there anyone on board who understands the difference between a ledger and a sales daybook?)

What is the state of your current manual system? Are you running a ledger? Is it up to date? Is it reconciled? Do you run sales and purchase daybooks? Are they up to date? Do you run sales or purchase ledgers? Is the purchase ledger reconciled each month to supplier statements? Do you run control reconciliations on the ledgers to the daybook and cash book?

The more often you answer "No" to these questions, the more of a mess your books are likely to be. You will have to get someone in to clean them up before you can even start to run them on a computer. But even this is not enough. Part of my own education as a consultant was to sort out a company's manual books, put them on to the computer, train the staff in operating it — and then watch helplessly over the next six months as the computer system slowly falls back into a mess similar to that before it arrived.

It is pointless to buy accounting packages to run on

your computer if your staff cannot do the end-of-month reconciliations.

An unrecorded ledger will run to seed and the figures will become untrustworthy. People then lose confidence in the numbers and start blaming it for being "wrong". But what else can you expect if the person running the accounts does not understand accounting?

Bookkeeping is a precise, skilled and intensely practical craft. So before you buy an account package make sure you have an experienced bookkeeper in place to run it properly, and buy the package (Ferguson, Sage, or whatever) which he knows and wants to use.

MINDING YOUR OWN BUSINESS

NEED FINANCE NOW?

Bushscale

Can provide funding and business development advice from a highly experienced industrial team who have already invested £20 million in 60 unquoted companies. Strong interest in business sales for retirement, MBI.

Contact Ron Fisher or John Noble, 27 Minster Street, Reading RG1 2RY. Tel: 0734 566984

BUSINESSES FOR SALE

FOR SALE IN SWITZERLAND

A unique opportunity to purchase an established star hotel and acquire a work permit and residency with all inherent tax advantages. The hotel is situated in Switzerland's premier ski resort in Geneva in the Alps.

Write in confidence to Box H8386, Financial Times, One Southwark Bridge, London SE1 2ES.

WEST MIDLANDS PRESSURE DIECASTERS (ZINC AND ALUMINIUM RANGE UP TO 500T)

Turnover £2.75m. Busy profitable company for sale due to intended retirement of proprietors.

For principals write to Box H8467, Financial Times, One Southwark Bridge, London SE1 2ES.

READERS ARE RECOMMENDED TO SEE APPROPRIATE ADVICE BEFORE ENTERING INTO COMMITMENTS

LEGAL NOTICE

No. 002165 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
IN THE MATTER OF RATTINGS GROUP plc

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 25th March, 1991 confirming the reduction of the Share Premium Account of the Company from £10,000,000 to £1,639,171 was registered by the Registrar of Companies on 2nd April, 1991.

DATED this 10th day of April, 1991.

THOMAS GARDNER,
120 Alderman Street,
London EC1A 4SL.

Solicitors for the above-named Company.

TORQUAY

17 self-contained holiday apartments. Private swimming pool. Private path to beach. 200 yards from close main shopping area. All facilities. Profitable business with good occupancy rates. Genuine purchasers only.

Please

EMPLOYMENT AGENCY FOR SALE

Secretarial and WP specialists

W. London

Entirely run by Management.

For enquiries:

Tel: 081-981

1000

REASONS FOR SALE

Small leasehold premises.

No Agents.

Within 100m of station.

Private parking available.

High footfall.

Good location.

Good potential.

Good value.

PERSPECTIVES

A Duckburg hall-of-famer

John Westbrooke celebrates the birthday of a comic book artist of genius

ONCE UPON a time there was a 90-year-old man, and nobody knew his name. His work appeared in a medium that's not seriously taken, the only signature to appear on it was that of another man - Walt Disney - but for a quarter of a century Carl Barks had drawn tales of Donald Duck and his Uncle Scrooge McDuck, the wittiest of all comic books.

Anonymity may have been, but children and Walt Disney's Comics and Stories from 1942 on were soon able to tell his style from that of the other unsigned contributors. His name finally became known after his retirement, (it was one) found that many of them had known him by the same description: the good.

In his 80s he explored America for Inca treasure, the Carls for buried pirates, (it turned out to be a potato), the labyrinth for the minotaur, Colchis for the golden fleece, and so on.

The man who took us far abroad had a workday background similar to Disney's own. He was a Midwestern farm-boy who tried various manual jobs before deciding that drawing was an easier way to make a living and joining the Disney Studio. In his 20s he began (the Carls draw the dull bits) on Donald Duck cartoons.

Disney's original star, Mickey Mouse, was a rural mouse, but Carl brought him respectability and Disney made a rascallion character to take on his antisocial side. Donald, introduced in the early 1930s, surpassing Mickey's popularity. He acquired permanent hair from his sister Dumbella, three nephews, Huey, Dewey and Louie, and with them went through many short, hot-tempered, slapstick battles. A full-length film, *Pirate's Gold*, was planned but never completed, and a colleague adapted it into a comic book, which you can buy now if you like.

In 1942 Barks quit and went to work for Western Publishing, produced 32-page Disney comic books and became the most popular cartoonist in the world. He died in 1990 at 90.

under the sun he was writing, drawing, a 10-page story every week, frames and \$12.50 a page. Carl was shown at war with his nephews, his neighbours, and his own vengeful bungling; adept at providing more funnier and better drawn, than other comic books.

Gradually, he learned to tame the slapstick violence he brought from films, to polish his story-telling skills (providing, for instance, a little punchline at the end of each page) and to write dialogue for the film. Donald managed only incomprehensible angry squawks, but on paper he could talk.

He added a sense of sight to the backgrounds in his stories, and he extended the duck family: rapid garrulous Daisy, Grandmama Duck, super-lucky Donald, inventor Gyro Gearloose. He also provided Donald with his Uncle Scrooge, mean, grouchy and acquisitive.

He had already started featuring Donald in longer adventure series of 30 pages or so and Scrooge, with his wealth and his greed, initially proved an excellent narrative device; but with a little judicious softening of his personality became popular in his own right and in 1952 started to appear in his own comic book.

As a study of wealth, Scrooge is the most successful rivals in American fiction. The "skinflint millionaire" duck keeps three cubic acres of money in his money bin, a vast, cubic, building on a hill overlooking Duckburg, a potent symbol - if you like that sort of thing - of the way money looms over Americans. Inside, in Barks' happiest inventions, Donald is in it: "I like to dive in it like a porpoise, burrow through it like a gopher, and swim up and let it hit me on the head."

Barks never actually thought of himself as writing for children, just as he did for *Potter*, he has no reason to avoid long words. The result is a quirky language that sticks in my mind after 30 years. "Gladstone may be a dope six days of the week, but this is Monday," reads one helpful marginal note. Barks travelled and sent some of his most arresting images from back copies of the National Geographic:



springs and the groom is carried in on a tray," orders a certain king planning his daughter's wedding.

His plots are inventive as his dialogue. Underground, the Jackal, the Terriers and Fermies, globular creatures who create earthquakes for fun. In the Andes, they visit the town of Plain Awful, where everything, even hens' eggs, is square and everyone talks with a lisp.

In the Himalayas, they find a land called Tralla La, where inhabitants of which have no known money.

Unusually, Scrooge has a few bottle tops which, by reason of their scarcity, soon become currency and corrupt the entire country; many reader must have been put off by the lack of supply and demand by this tart, funny fable.

And in the romance of history and myth, of far-off times and lands too. Barks has travelled and sent some of his most arresting images from back copies of the National Geographic:

Sponsors call the tune

THERE IS a streak of musical masochism in the British character. Why else would choirs gather and be harangued by charmers and bad-tempered conductors? Amateur singers work like professionals; many sing like professionals. Their reward - the intense creative pleasure of making music - is the reward of amateurs.

In British choral music,

there is a misleading streak of amateurism and amateurism. Apart from the major choral societies, and the smaller groups, Britain has professional choirs. Whether it's a Huddersfield Choral Society or Beethoven's Ninth at the Royal Hall Proms, those choirs are amateur. It is the amateur who makes the chorus the only component which comes free.

Promoting a quality concert is a financial undertaking. Last season, East London Chorus performed Monteverdi's *L'Orfeo*, a work requiring very special resources compared with the 17th-century repertoire, at St John's, Smith Square. The balance sheet is sobering: the six weeks cost £2,200; the orchestra plus a fixing fee of £50; the hall hire was the conductor's £350; orchestral music £225; organ and harpsichord £300; publicity £100. Total of £4,000.

The ticket sales were a sell-out.

Even so, the total income was only half that of the single performance.

The better-known concert can command £1,000 to £1,300 a performance. For works such as Verdi's *Requiem*, which demand operatic voices, a leading soloist can earn up to £2,250. Orchestras, similarly, do not come cheap. As with names attract audiences, but they impose a financial burden on the voluntary operators, whose resources have traditionally been ticket receipts from halls of limited capacity, chorus membership and public subscription.

Professional fees have risen with inflation, while public funding has diminished. In England, grants from regional arts bodies represent 6 to 7 per cent of professional expenses. This year Greater London Arts announced that it was to withdraw all funding to amateur music. The unpaid professionals of the arts establishment are turning increasingly to the business community for support.

It is not easy to generate sponsorship, particularly in a recession. Choruses have to be professional in their marketing as they do in their music-making.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

If they're going to gross material, then we have to have packaging," he says.

This commercial realism

conflicts with what amateur singers regard as the raison d'être of chorus members.

We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they're going to gross material, then we have to have packaging," he says.

"We have to indicate that we are not a sponsor," says Michael Kibblewhite, director of ELC.

"If they

PROPERTY

House-hunters who chase the market down

Country homes are attracting plenty of viewers but few hard bids and asking prices have had to be slashed, reports Michael Hanson

REMEMBER THE vanishing lady, Dorothy Allen, the mistress of Sutton Brabes Manor in Warwickshire, who died intestate in January 1988, having systematically destroyed every clue to her background? The media had staved off producing features on her, which helped Sotheby's sell the contents of her home for an astonishing £577,797 — more than twice their

But her lovely Cotswold house, near Stow-on-the-Wold, has not yet found a buyer. Last August, the Chipping Campden office of Jackson-Stops & Staff (tel: 0386-840322) was looking over £700,000 for this 17th-century house in 25 acres of overgrown gardens and grounds.

More than three dozen people

have viewed the property and several have made offers, but none have all fallen through. Now the house is being remarked at £550,000 — considerably lower than previous offers, and a poignant illustration of the way in which sellers have been chasing the market down.

"The Treasury Solicitor's duty is to sell the property at the best price he can get in the current market," says Peter Britton, of Jackson-Stops & Staff. "But it will only make what it will make."

Still, it looks as though the Exchequer will eventually benefit by more than £1m from the sale of the house and its contents because Dorothy Allen never made a will.

She was the widow (or, as some think, the sister) of Robert Allen, who made his fortune out of Spencer Corsets, a public company in Banbury which was taken over after his death in 1985. If she has any living relatives, they have not yet appeared.

Someone else who has been



King's Beeches, in 45 acres at Sunningdale, Berkshire, has been unoccupied since the death of the Maharaja of Jaipur in 1970. Now derelict, its

price has fallen in the past two years from £2m to £1.75m

chasing the market down is John Barratt, the only son of Eileen Joyce, the concert pianist. At one time he hoped to get £1m for Newington House, near Wallingford, Oxfordshire. It was uninhabitable when he bought it and he spent six months restoring it while living with his wife in a Sussex rented cottage.

Last September, having brought the price of Newington House down to £2.5m, he had an offer of £2.25m, which he rejected. Now he has instructed Savills (tel: 071-730-0622) to let the offices of his firm for the next two years.

Some people have been

17th-century mansion, which stands in 45 acres beside the River Thames — a tributary of the Thames.

Perhaps the biggest reduction in price over the course of the property is that of King's Beeches, which was priced at £5m in 1988 by its former joint agents and advertised as being at Ascot. But the new agents, Strutt & Parker (tel: 071-628-7282), admit that it is actually in Sunningdale.

King's Beeches is now priced at £1.75m, a 65 per cent reduction. This is a reflection of several factors, one of which is that in 1988 the property was overpriced for sale

highly speculative price by a Middle Eastern client — bankers have since obtained possession of the property.

When the house was advertised at £5m in 1988, the agents said: "The buyer must have a large cheque book and great imagination."

Imagination was required because the house was last occupied more than 20 years ago by the last maharajah of Jaipur, Sir Sawai Man Singh II (1911-70). Since then it has become derelict and its 45 acres of gardens and grounds are overgrown. Even so, I thought

someone willing to spend

further £2m to £3m on its restoration could create a magnificent mansion of 18,000 sq ft with room for several staff, an indoor swimming pool and extensive stables.

The maharajah was a great polo player. He bought King's Beeches in order to near Smith's Lawn in Windsor. He had first brought his polo to play in England in 1933, when it established a record by winning all the open

It was on his last visit to England in 1970 that he (as he was known to his friends) had a bad fall at

his home in

Smith's Lawn, but he and his wife Ayesha gave their usual cocktail party at King's Beeches after the Queen's Cup, at which the Queen and Prince Philip came. He next played polo at Cheltenham on June 24, where he suddenly fell from his pony and was dead on arrival at hospital.

Jai's biographer, Quentin Crewe,

says his body was taken to King's Beeches and laid out in the drawing-room in a sandalwood coffin for his friends to pay their respects. The next day his body was flown to Jaipur, where his mile-long funeral procession was watched by at least half a million people. A year later, Mrs Gandhi amended the Constitution of India, abolishing the hereditary princes.

In 1975, tax officials raided Jai's

palaces to search for the legendary

treasure of the maharajahs. They

found millions of pounds worth of gold and jewels, but wealth tax had not been paid on the gold. Jai's

widow, the Maharani, and his eldest son, Lt Col Bhawani Singh (known as "Bubbles") who would have been

maherajah if the title had not been

abolished, were arrested. They were

never charged, but were released

after 18 months, but Ayesha was imprisoned for nearly

two years, even though she was ill.

The legendary treasure was never

found. If it had been, it would now

take a sizeable part of it to restore

King's Beeches. Not only has the

property decayed after being empty

for 20 years, but it was invaded by

Peace campaigners during the Gulf War. Now the house is a gaunt

shell: its roof has been stripped, its

fireplaces have gone, floors have

been ripped up, and certain parts of

the building are now deemed

structurally unsound. The house

will probably be demolished.

Not far away, Beauchamp Park

House, West London, has just been placed

on the market on behalf of

receivers, Buchier Phillips & Co.

This Palladian Mansion, which

stands in 36 acres of parkland, has

been run as an international

business centre, and offers £5.5m

being sought by the agents.

John D Wood (tel: 071-433-106)

Although there are 35 properties

in London currently for sale at

more than £5m, the last country

property to come on to the market

at that sort of price was Chandlings

Manor, in 60 acres at Bagley Wood

near Oxford. The modest Cotswold

house was transformed beyond

recognition at an estimated

£10m, regardless of costs (except

for sports centre, garages)

or planning permission (since granted

retrospectively) by a Middle Eastern

gentleman who died penniless.

His receivers, KPMG Peat

Marwick McLintock, put the

property on the market at £5.5m in

December 1988, and it was finally

sold for £5.4m by Leisure

Investments on April 30 last year —

the day the company went into

receivership. Security Pacific, the

bank that had financed Li's

acquisition, instructed KPMG

Peat Marwick McLintock to re-offer the

property for sale at £3.6m through

Savills (tel: 071-730-0622). Although

more than 800 enquiries have since

been received, the property is still

unsold.

And, in case you are wondering,

former chancellor Nigel Lawson has

been unable to sell the Old Rectory

at Stony Stanton in Leicestershire.

After more than six months on the

market at £235,000, his joint agents

Savills (tel: 0116-260-0000) and Howkins

Harrison of Atherstone (0582-718021), say the price is still

the same. But then that is what you

would expect a politician to tell

them to say.

NAEA is as keen as anyone to have them outlawed.

The real question left unanswered

by the enthusiasm for additional

legal controls is just how

enthusiastic the newly protected

buyers will be when faced with an

agency required to list the

negatives about their home when

they come to sell?

Consumer protection cuts both

ways and, unfashionably as it is to

make the point, it is probable that it

is the lawyers who will be the real

beneficiaries of this partial dilution

of client anger.

J.B.

Buyer beware — you will have to sell one day

to provide factual information about the properties on their behalf.

There is, however, one fact punctures much of the self-congratulatory discussion surrounding this legislative blinding of the "rogue" agents. The sales agent's client is the vendor. That is one of the obvious always provokes a bemused response. Everyone knows that sales agents act for the people selling the property, so why repeat the point?

they are paid, specifically, to present those side issues on, it tends to be forgotten by the majority of buyers within minutes of their first conversation at an estate agency. It certainly will have moved to the far back of their minds by the time they have chosen a property and have started to negotiate on price.

Agents are not neutral. They are the last people to be called on to police the property sales particulars prepared for their clients because

they will reveal.

The Institute of Trading Standards says the legislation would give trading standards officers teeth to take action against more unscrupulous agents who might be tempted to deceive house buyers.

The legislation will require agents

to disclose a property's faults. If they fail to do so they face fines of up to £1,000 in a magistrate's court or unlimited fines if the case is taken to the crown court.

The Bill does not deal with house-builders or developers' sales as such. Buyers are expected to know this and control on sales type.

Indeed, Hugh Dunsmore-Hardy, President of the National Association of Estate Agents, cheers the legislation.

He says: "It is the small, undesirable minority who bring the whole of the industry into disrepute. They should be worried, and the

NAEA is as keen as anyone to have them outlawed."

The real question left unanswered

by the enthusiasm for additional

legal controls is just how

enthusiastic the newly protected

buyers will be when faced with an

agency required to list the

negatives about their home when

they come to sell?

Consumer protection cuts both

ways and, unfashionably as it is to

make the point, it is probable that it

is the lawyers who will be the real

beneficiaries of this partial dilution

of client anger.

J.B.

INTERNATIONAL PROPERTY

ANTIGUA

West Indies

10 PLOTS
ALREADY
SOLD

Wh
Hanson**SAVILLS****THE HERSTMONCEUX CASTLE ESTATE, SUSSEX About 531 ACRES**

London 65 miles, Gatwick Airport 35 miles, Channel Tunnel 45 miles, M25 30 miles.

A romantic 15th Century Moated Castle set in a most beautiful estate, suitable for private, leisure, commercial or educational use.

Herstmonceux Castle incorporating 140 rooms on floors, beautiful walled garden and park.

Further buildings of over 100,000 sq ft and 4 cottages.

An opportunity in the finest international hotel, golf and leisure development in the South of England incorporating:

150 Bedroom 5 star hotel, 27 hole golf course facility, Corporate lodges, bedroom conference/educational facility. Further commercial and leisure opportunities.

Joint Sotheby's International Realty, London. 071-408 1111. Contact: John Prince.

Savills, London. 071-730 0000. Contact: Henry Richards.

**HAMPSHIRE 292 ACRES THE BROCKENHURST PARK ESTATE Brockenhurst**

Southampton 13 miles, M27 8 miles, 1 1/2 hours.

A Country Estate abutting the New Forest with gardens and seceded parkland of national importance.

Joint agents: Fisher Hoggard, Market Harborough. 0182 410200. Contact: Michael Sandell. Savills, Salisbury. (0722) 811111. Contact: N. Sweeney.



FOR SALE BY AUCTION IN MID-JUNE UNLESS PREVIOUSLY SOLD.

WEST SUSSEX, Nr Pulborough

Pulborough 2½ miles, Victoria Station 70 minutes. Georgian House with mill pond, trout lake and highly regarded vineyard. Let 1; 8 reception rooms, conservatory, master bedroom suite, 5 further bedrooms and 2 bathrooms.

Ruins of Domesday water mill, mill pond and trout lake. Hard tennis court. Attractive garden and outbuildings.

About 50 acres.

Lot 2: Vineyards, orchard, old windmill and separate access.

About 250 acres.

Available as a whole or in 2 lots.

Reserve reserve price.

Savills, London. 071-499 8644. Concorde: Justin Marting.

Savills, Bath. (0225) 822222. Concorde: Mark Grimes.

COMMERCIAL, AGRICULTURAL AND RESIDENTIAL SURVEYS

LONDON • BANBURY • BATH • BOURNEMOUTH • BRESCHEEN • CAMBRIDGE • CANTERBURY • CHELMSFORD • EDINBURGH • GUILDFORD • HENLEY • HEREFORD • ITSWICH • LINCOLN • NORWICH • SALSBURY • SEVENOAKS • STAMFORD • WIMBORNE • YORK • HONG KONG • LISBON • LYON • PARIS

NR BATH 420 ACRES Oakdaleigh Park

Major golf and hotel development opportunity.

On the fringes of the L. EA. Reserve.

A fine Victorian mansion with consent to convert to luxury 34 bedroom hotel. Consent for 150 bedroom new build hotel and conference centre or courtyard residential development scheme.

A magnificent 18-hole parkland golf course nearing completion.

Consent for large new hotel clubhouse.

Estate cottages and lodges.

Substantial offers are invited.

Savills, London. 071-499 8644. Concorde: Justin Marting.

Savills, Bath. (0225) 822222. Concorde: Mark Grimes.

D. M. HALL**EAST LOTHIAN****GIFFORD**

Edinburgh 20 miles



A CHARMING GEORGIAN FORMER MANOR ON THE EDGE OF ONE OF EAST LOTHIAN'S MOST ATTRACTIVE VILLAGES AND WITHIN EASY COMMUTING DISTANCE OF EDINBURGH.

Hall, Drawing Room, Dining Room, Sitting Room, Study, Kitchen, Utility Room, 5 Bedrooms, 3 Bathrooms

Useful Outbuildings and Garage

Walled Garden

ABOUT 2/3 ACRES

031-220 2323

THE KILLOCHAN CASTLE ESTATE Ayrshire

Ayr 18 miles Glasgow 50 miles Prestwick 22 miles Girvan 3 miles. A magnificent home which forms a unique part of the Nation's Heritage. The Property is in the heart of Burns country and has connections with Robert Burns. The Property is sold complete with the Ancient Feudal Stronghold with Scottish Lairdship.

GOLF - Turnberry 5 minutes Prestwick 20 Trossachs 25

FISHING: The Estate has about 2.5 miles of Salmon and Sea Trout Fishing on the River Girvan.

About 35 Acres in All.

CASTLE: 8 Bedrooms, 8 Bath, Saloon, Dining Room, Breakfast Room, Library, Morning Room, Kitchen, Tudor, Staircase, Servants' Flats.

George III Bed Chippendale House 4 Bed Elizabethan Cottage

All in Immaculate Condition.

FOR SALE PRIVATELY EITHER AS A WHOLE OR IN 4 LOTS

OFFERS INVITED

Tel: 0484 423822 Office Hours

0924 840527 or 046 587207 Evenings and Weekends

NEW HOMES**ELEGANT HOMES IN N6. LUXURY BATHING IN H2O.**

A selection of 2 bedroom apartments and 3 bedroom penthouses.

3 bedroom town houses and 4 bedroom low built detached houses.

Excellent standards of quality and specification.

Private car parking and garaging. Electronically controlled security gates. Private indoor swimming pool and saunas. Close proximity to public transport and Highgate Village.

£169,500 for the 2 bedroom apartments. £244,000 - £312,500 for the houses. £299,500 for the penthouses.

TEL. 071-281 9094

Homes Keith Cardale Green 081-341 0000

SHOW HOUSES OPEN EVERY DAY CORNER OF STANHOPE ROAD AND HORNSEY LANE

Prices correct at time of going to press and exclusive of General Sales and Service Charge.

COUNTRY PROPERTY**STRUTT & PARKER****NORTH COTSWOLDS.** Broadway 5 miles, Moreton-in-Marsh 6 miles. An 18th Century farmhouse of superb quality in an idyllic setting on a private estate. 3 reception rooms, 5 bedrooms, dressing room, 3 bathrooms (2 en suite). Traditional farm buildings, garage, stabling. Delightful walled gardens. 2 paddocks. About 6 acres. Offers invited. Moreton-in-Marsh Office: Tel. (0603) 50502.**SUFFOLK.** Woodbridge 2 miles, Ipswich 4 miles. A magnificent Grade II Georgian country house set in its own parkland. Hall, 3 reception rooms, kitchen/breakfast room, 7 bedrooms, 3 bathrooms (2 en suite), 2 dressing rooms. Two 2 bedroom self-contained staff flats. Small house with residential p.c. Swimming pool. Gardens. 15 acres. Region £252,000. Ipswich Office: Tel. (0473) 214841. Ref. 124889.**ESSEX - Downham.** Stock 8 miles, Billerica 8 miles. A unique country house with traditional surroundings including a 2 storey Georgian coach house, 4 reception rooms, kitchen/breakfast room, 4 bedrooms, 2 bathrooms. Essex barn, modern barn, garage. Gardens. Fenced paddocks. Woodland. About 42 acres. Region £550,000. Chelmsford Office: Tel. (0245) 214841. Ref. 124890.**SUFFOLK.** Sudbury 7 miles, Ipswich 8 miles, Colchester 20 miles. One of the most prestigious residences in the centre of Lavenham. Reception hall, 3 reception rooms, study, kitchen/breakfast room, 6 bedrooms, 2 bathrooms. Tudor cottage, stable block, mature gardens. About 0.75 acre. Offers invited for the freehold. Ipswich Office: Tel. (0473) 214841. Ref. 124891.

13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL 071-629 7282

LONDON PROPERTY**Chiswick Place: Regency Splendour, Lavish Life Style.**

4 bed houses from £315,000, 2 bed apts from £139,500, 1 bed apts from £119,000.

In Chiswick, Barratt have re-created the classic architecture of the Regency period.

Tree-lined avenues, bold balconies, balustrades.

Spacious, richly appointed. Up to the minute kitchens. Sumptuous bathrooms. Landscaped gardens. Conservatories, dressing rooms.

You'll find our houses and apartments well located.

Just 18 minutes to Waterloo from nearby Chiswick station.

Plus Part Exchange Ask for full details. Showhouses open every day 11am-6pm. Staveley Road, London W4. 081 742 1185.

BARRATT
THE HOUSE BUILDER**KINGSTON**
Easy Come... Easy Go...
(To London We Mean)

What could be better than watching life by the Thames, at

the time enjoying incredibly access to the centre of London?

The superior 1, 2 and 3 bedroom waterside

apartments at Spinnaker Court

boast all this and more, including a fully fitted kitchen

complete with integrated electrical

appliances.

Call in to show apartment today.

You'll find us very going.

Prices from £135,000

Show apartment open daily 12pm-6pm

SPINNAKER COURT HAMPTON WICK KINGSTON-UPON-THAMES 081-943 1185

Alfred McAlpine Homes

JOHN D WOOD & CO.

LONDON AND COUNTRY ESTATE AGENTS ESTABLISHED 1872

Fern Lodge

On the edge of Hampstead Heath, a charming listed Regency house in a half acre of walled grounds, on 3 floors only. Fully restored and modernised.

6 bedrooms, 3 bathrooms, reception hall, 4 receptions, 32' Smalbone kitchen, parking for 3 cars.

Price on Application.

JOINT SOLE AGENTS: JOHN D WOOD & CO., REGENTS PARK OFFICE, 071-267 5267; GOLDSCHMIDT LTD., 071-455 4404

HEAD OFFICE 26 CURZON STREET, LONDON W1Y 7AE 071-493 4106 FAX 071-408 0788

**MAYFAIR W1**

Grosvenor Square

Enjoying outstanding views over the Square gardens from the fifth floor of this handsome building, a superb, elegant flat, well planned and bright.

3 double bedrooms, 2 bathrooms, shower room, 2 receptions, kitchen, 2 bedrooms, 2 bathrooms, porter.

6 yrs £1,000,000

GOLDSCHMIDT LTD., 071-408 0055

TO ADVERTISE**LONDON PROPERTIES**

SALES AND RENTALS

Contact Emma Stevenson

Tel: 071-873 4156 Fax: 071-873 4157



Spectacular new two bedroom, two bathroom apartments in one of the most exclusive parts of London, close to Woodside Park tube. With full value part exchange. From only £119,950.



**Woodside Grange,
Holden Road,
Woodside Park,
Finchley N12.**

New apartments with Italian kitchens, fitted carpets, video entry systems, underground parking and a truly desirable setting giving easy access to Central London and the M25/M1. From as little as £119,950.

And Barratt consider part exchanging your existing home for its independently valued price.

Show apartments and sales office open every day from 11am to 6pm. Telephone: 081-446 2399.

**BARRATT
THE HOUSE BUILDER**

NATIONAL WINNER OF THE BUILDING INDUSTRY'S SUPREME AWARD FOR QUALITY

JAMES HARRIS
Established 1861

SOMERSET - NR ILMINSTER

BARRINGTON COURT FARMS

Two Fine Grade II Listed Houses
3 Dairy Farms including Two Farmhouses
Additional Land and 7 Cottages
In all about 297 acres
for sale as a whole or in 11 lots

Details from James Harris, Barton Farm Office.
Telephone: (0962) 885250. Fax: (0962) 885068
Robin Lalonde / Hueme Jones

HAMPSHIRE - NR PETERSFIELD

Petersfield mainline station 1 miles; Winchester 18 miles; Chichester 11 miles

A Grade II Listed 17th century country house on the edge of the village of Steep.
4 Reception Rooms. Kitchen. 5 Bedrooms.
Double Garage. Outbuildings. Charming Garden.

Details from the Petersfield Office: Telephone: 01264 685166
Hume Jones

Ref: HR/705

HAMPSHIRE - NR WINCHESTER

Winchester 2 miles; Alresford 5 miles;
M3 junction 11 - 1 miles

Chilcomb Manor is a fine west facing family house backing onto a mature garden and overlooking its own paddocks.

4 Reception Rooms. Kitchen. Cellar. 5 Bedrooms.
Bathrooms. Thatched Stable Yard of 12 Bays. 11 Acres of

Details from the Winchester Office: Telephone: (0962) 841842
Stephen / Hume Jones

Ref: HR/705

HAMPSHIRE - EASTON, NR WINCHESTER

Winchester 2 miles; Alresford 6 miles;
junction 9 - 2 miles

A Grade II Listed early Georgian house situated in the Itchen Valley overlooking the River Itchen and its meadows.

3/4 Reception Rooms. Kitchen. Cellar. 5 Bedrooms.
Double Garage. Mature Garden.

Details from the Winchester Office: Telephone: (0962) 841842
Stephen / Hume Jones

Ref: HR/770

Robinson & Hall
Chartered Surveyors

NORTH BEDFORDSHIRE
Bedford 9 miles (St Pancras 45 mins)
Northampton (M1) 20 miles



1 pair of first-class studio flats with an extremely attractive panel furniture and a well-respected agent.

MANDY FARM, KNOTTING, 6½ Acres
1½ acre family farmhouse - 5 bedrooms, 3 reception rooms, stable for 2 horses, 2 small barns and grain storage for a excess of 700 tonnes.
4 cottages.

GRANGE FARM, UPPER DRAN, 6½ Acres
2 acres of cultivated land, 1 acre woodland, 1 acre orchard, 1 acre of grazing land, 1 acre of arable land in 2 fields and grain storage for 1200 tonnes.
4 cottages.

14 & 15 St Paul's Square, Bedford MK40 1SW
Tel: (0234) 352201 Fax: (0234) 273072

AN OUTSTANDING APARTMENT in a Listed building on the banks of the River Thames. Hallway, drawing room 42' x 12', kitchen, 3 bedrooms, 2 bathrooms, shower room, wood burning stove and balcony. Price £150,000. Tel: 0874 730455.

MIAMI MALTON, NORTH 1½ miles from the River Trent half acre strip of land one acre woodland unrestricted views towards New Yorkshire Moors. Price £30,000. Tel: 0673 76765.

ROYAL RESIDENCE, BATH. A magnificent first floor apartment (over like housed) in one of Bath's finest properties. 2 Bed, 2 Bath, 2 shower rooms, wood burning stove and balcony. Fully equipped Kitchen/Breakfast Room. L/DK. Period features & superb fittings. Price £250,000 - £150,000. Details & West Property Services (0860) Mon-Sat.

SARNE, VERY LARGE sunny 4 bed, 2 bath family home. Super garage. All mod cons. £225,000 p.a. Tel: 081 251 2510.

COUNTRY PROPERTY



Residential Luxury Apartments & Cottages

Price range £170,000 - £270,000

UNIQUE DWELLINGS IN THE LAKE DISTRICT

Easily accessible - just 11 minutes drive from the M6
Only 6 miles from Windermere
Hidden away in the secluded and picturesque Kent Valley



Created from
an 18th Century
papermill straddling the
rushing waterfall of the
River Kent, these exclusive 2, 3 or 4
bedroom properties are being built using
traditional Lakeland materials. Each
with 2 bathrooms and exceptionally
spacious, they offer ease and luxury of
living in an idyllic setting.

For details of these desirable homes or an appointment to view, simply phone or write to:

J.L. Bentley Ltd.
Sales Information Office,
Cowan Head, Kendal,
Cumbria LA8 9HQ.
Tel: 0539 730750.



Hackney & Leigh

See Whistler
100 Speckledy Lane,
Kendal LA8 9PU.
Tel: 0539 729711.

SURREY, SHACKLEFORD,

NEAR GUILDFORD,

Rural village near

Guildford.

Large detached house with

garage, garden, outbuildings, etc.

Offers around £300,000.

Ring 0433 810257

**£450,000
WARWICKSHIRE**

Luxury property within the heart

of the Shropshire Hills. Easy

access to major centres and motorways

M40, M42, M1 and M5, plus

the A38, A41, A42 and A49.

Delightful village location near Allesley.

For more information

tel: 0866 570 570

GLOUCESTERSHIRE

Stunningly beautiful valley 40 acres (5 miles

Chipping Campden). Includes main Resi-

idence, 18th Century Coach House

and substantial stone barn with

planning to add onto houses which would

create in excess £5000 sq ft of

accommodation if required with several

large and exceptional beamed rooms with

views into valley. At a distance a further

stone barn has been converted into a superb

cottage with large gallery living room,

2000 sq ft main bed room, own bathroom etc.

Guest double, bathroom off. Study in

garage or 3rd bedroom. House and garage

are connected by a covered walkway with

2 front water bins and cobble stone footpath across brook. Offers around £300,000 (owner selling). Tel: 0452 770009.

SPRING IN THE COTSWOLDS

Anticipate market changes and

take advantage of luxury-class 2

and 3-bedroomed detached

Bungalows in favoured Market

Place. Only three remaining at

prices from just £150,000

plus VAT. Tel: 01285 720000.

RIVER TAY - UPPER SCONE PRIVATE SALE

Rare opportunity to acquire a

single August end on a superb

beach for one week in

perpetuity 5 year average for

the week 15.4 salmon. Still

available for August 1991 at

offers over £25,000 (No VAT).

Tel: 0123 408103 Fax:

0123 408103

CLUTTONS

NORTH YORKSHIRE

Harmgate 16 miles.

Leeds 11 miles.

A substantial portion of an early 18th

Century property in the magnificient

Nidderdale countryside. 4 reception

rooms, kitchen, utility and staircase; 4

bedrooms, 2 bathrooms, secondary

staircase; garage, block, garden

of around 0.5 acre.

For Sale by Private Treaty

HARROGATE OFFICE: (0423) 524048

BERKELEY HOMES

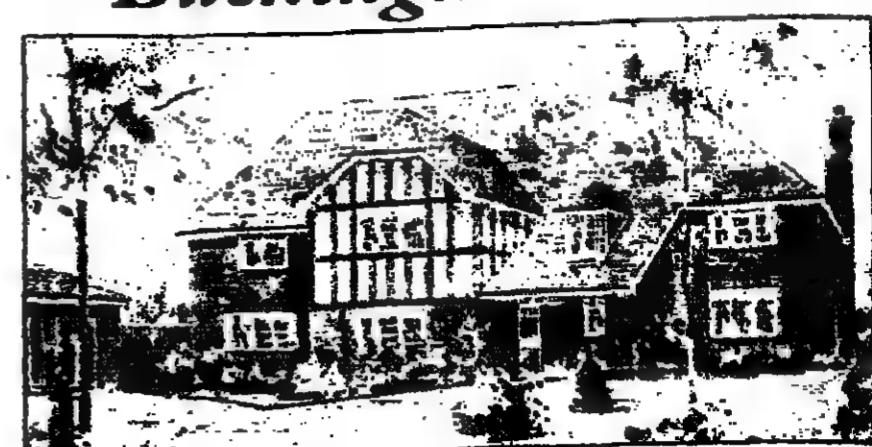
(North London) Ltd, Berkeley House, 68 Baker Street, Weybridge,

Surrey KT13 8AL

BUCKS

THE GRANGE

Luxury living in Buckinghamshire



**Five bedroom individual family homes
Prices from £290,000**

- Five bedrooms
- Two/three bathrooms
- Four reception rooms
- Individually designed kitchen/breakfast rooms
- Double glazing throughout
- Large gardens
- Double garage
- 10 year NHBC Warranty

Open 7 days a week.

Berkeley HOMES 0932-853455.

Berkeley (North London) Ltd, Berkeley House, 68 Baker Street, Weybridge, Surrey KT13 8AL

For Sales by Private Treaty

HARROGATE OFFICE: (0423) 524048

BERKELEY HOMES

(North London) Ltd, Berkeley House, 68 Baker Street, Weybridge, Surrey KT13 8AL

For Sales by Private Treaty

HARROGATE OFFICE: (0423) 524048

BERKELEY HOMES

(North London) Ltd, Berkeley House, 68 Baker Street, Weybridge, Surrey KT13 8AL

For Sales by Private Treaty

HARROGATE OFFICE: (0423) 524048

BERKELEY HOMES

(North London) Ltd, Berkeley House, 68 Baker Street, Weybridge, Surrey KT13 8AL

For Sales by Private Treaty

HARROGATE OFFICE: (0423) 524048

BERKELEY HOMES

(North London) Ltd, Berkeley House, 68 Baker Street, Weybridge, Surrey KT13 8AL

For Sales by Private Treaty

in
hiretilly homes
10

1932-853455

CLUTTONS

SANDRINGHAM
PARK BRIDGECOMPANY
LIST HOUSEST. JAMES'S
SW1

APARTMENTS

LONDON

UK

RENTALS

AGENTS

MANAGERS

LETTERS

ADVERTISING

SALES

AGENTS

RENTALS

AGENTS

MANAGERS

LETTERS

TRAVEL

It is good to walk in Barcelona these days, thinks Jimmy Burns, after a three-day visit to the Olympic city

IT WAS Cervantes who wetted the appetite for Barcelona long before the term "city break" had been dreamt up by tour operators; the city was "the seat of courtesy, the haven of strangers, the refuge of the distressed, the mother of the valiant, the champion of the wronged, the abode of true friendship, unique both in beauty and situation."

I arrived late on January 6, that day when the Catalans share a rare common bond with the rest of Spain - the feast of the Epiphany. Barcelona airport was not so much a seat of courtesy as in a bit of a tangle because of work on a new terminal. We were herded across a building site and along a makeshift corridor, sweating and smelling of feet. A bigger airport should have been built.

Nevertheless, I work hard in time for the next Olympics that are being staged here - or so I was told by Carolina, the "guide" provided by the main organisers for the games, who met me up the Montjuich mountain which rises behind the city.

When I had been here long in 1986, after Franco's death, my guide then had talked only of the cemetery and the fortress, and an infamous prison, are but blips on the horizon. Conversation turned to the architectural enterprise of the Olympic "ring" with the cluster of futuristic sports centres and slender trees interspersed with the more modest pavilions and orange groves dating from the occasion of the 1929 International Exposition.

I touched too, on one of Barcelona's more controversial characters - "Cobi," the official Olympic mascot. "He is not round clearly," said Mickey Mouse," said Carolina. "He is a conceptual representation of a Pyrenean dog, very avant-garde, very Catalan."

Down in the Olympic village, I was given a guide more in keeping with the prospect of work and repose. She was called Eva and was Swedish. She explained that the Spanish had spent most of the last century with their backs to the seafront, but were now in the process of rediscovering the advantages of building homes nearer to it.

Here, too, was a metamorphosis: a promotional team spoke of a vibrant Barcelona not in the process of expansion but of becoming a



Barcelona: a vibrant ... the best thing to do is to soak up the atmosphere

From Barcelona to London via romps in Baghdad

more vibrant and comfortable city to live in, and the official-speak was not far off the mark.

I was more apprehensive about a new tower block being made out of pre-fabricated glass. "All the parts are imported," said Eva. "The windows are from the US and the bathrooms are from Sweden," boasted Eva. And it was difficult to imagine, through the haze of earth-moving equipment, just what a new ring road would do to city life once it was completed.

Yet the promise of the Olympics has that one of Barcelona's more controversial characters - "Cobi," the official Olympic mascot. "He is not round clearly," said Mickey Mouse," said Carolina. "He is a conceptual representation of a Pyrenean dog, very avant-garde, very Catalan."

Down in the Olympic village, I was given a guide more in keeping with the prospect of work and repose. She was called Eva and was Swedish. She explained that the

I was in the mood for unofficial guides now, and so took the mark alone.

The Olympic buildings are the prime example of the most extreme urban renewal programme to be carried out in Barcelona for more than 100 years. Blame it on Franco that in the 1960s and 1970s large chunks of the city were left to crumble or swept away by ugly high-rises and highways.

The liberated government that Barcelona's urban renewal programme is, in the main, replaced with good taste and inspiration.

It is good to walk the streets of Barcelona these days. There is a surprise at the turn of every corner. As part of the new civic plan, the plazas are being renamed with a wide variety of major late modernist sculptures. In London and some American cities, art life has suffered in the environmental plunder of advertising, but

in the Spanish capital But the sculptures in the Spanish capital defy the pessimism that art can only compete with city life in the museum.

The sculptures are too numerous in the city to be appreciated, but few in particular deserve a mention. At the moment you can puzzle for many minutes over the monument to Picasso created by Antoni Tàpies in the Parc de la Ciutadella, a giant cubist shape in a glass box which is streaming with water and quivering in bright light.

The same can be said for one of the last works by Joan Miró near the bull-ring: a 20m-high moon-calf, ponderous and mystical, which probably gives a more visual note to the majority of Catalans, and with visiting tourists, than bullfighting itself.

However, the sculptures alone are not sufficient to remind me of city life I had brought with

me from London. Roved around up and down Carrer de Sant Miquel - the Ramblas - and the nearby old quarter.

Along the Ramblas and within the maze of alleys of the old quarter I saw poverty-stricken jugglers - some of whom could have been grandmothers - musicians and flower-sellers. Colliés (small Roman ruins); I thought of the brothel on the Carrer d'Avinyo where Picasso is believed to have had his virginity, and the shoeshiners and their changed political allegiances which George Orwell wrote in *Homage to Catalonia*.

People now sit on benches rather than stone steps, mostly from behind the barricades, but the shoeshiners in the magnificent Plaza de Espana remain a good source of local gossip. There were businessmen reading newspapers and wrapped in conversation in old cof-

fee houses; mothers leading children in intellectual posse.

The Ramblas and the old quarter have been incorporated into the civic plan as a result, both are safer and cleaner. Police, present but unobtrusive, stand around with a relaxed air as everyone else. They are there to help tourists - a natural result from my visit when the police seemed only to hit you on the head.

This little town remains of the old red-light district, the Barri Chino, is rather seedy and just a little threatening with its bars and drug-dealers. Generally, however, prostitutes are being swept aside, painted buildings removed. Brothels judged to be too disease-ridden and decayed to be salvaged are being torn down and turned into sculptur

es. Once the home of a 19th century colonist, the restaurant, decorated with low-hanging wood beams and chintz lampshades, is an institution. Everyone from Lorca to King Juan Carlos has lunched here, but don't be put off by that.

□ □ □

If present trends continue, there will be more and more Barcelonians moving back into the old quarter and out to the sea-front where new flats are being built. For the moment, however, the artist Gaudi remains among the permanent fixtures of the city, defining its character in images of radical artistic endeavour.

In the Parc Guell, Gaudi's contorted mosaics glisten in the brilliant midday sun, while the fairy-tale walls of the gate-house and lizard-shaped fountain show their mix of eccentricity. Like the Ramblas, the park is very much recovered by the people: children kicking football, old men staring card games, lovers losing themselves in the forest of palm trees and pines.

□ □ □

The city's inhabitants seem to live on the reputation of being hard-working, unlike other Spaniards. Madrid is not quite as frenetic as Madrid, and probably more relaxed and less filled with tourists. Meals, including lunches, never seem to turn out to be earlier than promised: the surly Spanish, in other words.

This is an eating-place for the epicure, a glowing hearth like this, long for the warmth of a home, a gallery for those who desire for the soul, a place for those who love the taste of the wine and the essence of the grape, a beer-garden for lover of the north, and a barbecue patio for those of the south; it is a house of healing for those who suffer from the ills of our century, a refuge of friendship and harmony for those who shelter beneath its roof.

Thus is the founding pledge of the Els Quatre Gats, which attracted the young, and in his early years as a painter, he have decorated the rooms with cork ceiling and installed air-conditioning, but the room remains generally unchanged from Picasso's time.

Thinking of Picasso, I had Catalonia's cheapest, tastiest and most nourishing meal there: pa amb tomate: large slices of freshly baked white bread served liberally with tomato, oil and garlic, accompanied by a plate of smoked ham.

My companions were Sola and Fernando, two young local professionals who, nostalgic for Picasso, discussed the fact that after all he had much to do with love, and he reduced the act of sex to a repetitive grind.

A much more genuine film was had at Salsa, a spacious place in a converted underground garage with some of the most pretentious Catalans dancing their souls bare until the following morning.

There and in the nightclubs we stayed afterwards I felt submerged in life, but returning to London,

Race around Barcelona before the Olympics.

In 1992 Barcelona will host the Olympic games. But you couldn't bring yourself to wait until then to enjoy the magical city. Now, as you contemplate the "Fuente Mágica" in the Parque de Montjuich, you reflect on the memorable moments of your visit.

There were walks, redolent with the charm of Gaudi architecture: the Parc Güell, the Sagrada Família, the Casa Batlló and the Casa Milà. You recall your visit to the Gothic area, near the cathedral. The views from Montjuich. The Spanish Village. Not to mention the Miró and the Picasso Museum. You will never forget the magic of the Museu del Liceo. The Real Monasterio. The Ramblas. The Gardens of the Ciutadella. The trip to the mountain of Montserrat. Of course, the beaches of the Costa Brava and Costa Dorada. Tomorrow you will journey onwards through yet more Spanish towns which will surprise and delight you.

So why not promise yourself you'll return?

Perhaps in 1992 Consult with your travel agency.

* * *
ESPAÑA
Spain. Everything under the sun.

EXPO '92
Barcelona '92

JIMMY BURNS

TRAVEL

Purely a cosmetic operation at Copacabana

Virtually all Rio's inhabitants seem to have perfect bodies.

Nicholas Woodsworth investigates

FOR FIVE days after I arrived in Rio de Janeiro I wandered about much vexed, lying on sand at Ipanema, sipping coconut cocktails at Copacabana or dancing a midnight samba at the Scala Club. I was confronted with the same nagging question - how is it that the people of Rio all have perfect bodies?

It seemed to me unjust. Go to any of the large international tourist hotels in Rio, sit around the pool, and you will be surrounded by the usual ghastly mix of grub-white northern Greeks, portly Britons, saucy Germans, caricature Dutchmen, hip-happy Belgians, thigh-wacking Americans. No matter how exotic the background of palm trees and blue water, no matter how skilfully cut the bathing costume, one can only admit that the more these bodies are covered, the better they look.

But walk down to any of Rio's beaches, where the bodies are hardly covered at all, and you will be struck by a total contrast. On Ipanema, Flamengo, Botafogo or Copacabana beaches, all the people, rich or poor, black or white, socialite or slum-dweller, are beautiful.

There are about 15 kilometres of beaches in the city of Rio. They are approximately 30m wide. On a sunny day (there are few in Rio that aren't) *Cariocas*, the people of Rio, head en masse for the beach. Among a vast confusion of towels, parasols, volleyball nets, joggers, ice-cream sellers, beer coolers, musicians, beach hats and delta-wing gliders, there is on average one prone and skin-clad body for every two square metres of sand, or so it appeared to me.

By my calculation, that makes 750,000 people on the beach on an ordinary day. The odd thing is that, against all the laws of averages, each and every one of these bodies is uniformly shaped.

All flesh here is perfect flesh. From forehead to foot it is firm, smooth, deeply tanned and unmarked by wrinkle, sag or pimple. This being so, there is a great deal of self-confidence about showing it all off.

Business is good. Dr de Gervais knows 90-year-olds who return regularly every five years for face-lifts. He has worked on entire families, remaking grandparents, parents, children, aunts and uncles.

Men wear bathing suits that would get them arrested elsewhere. The women are even more striking. If the Brazilian textile industry is in a straitened condition, it is probably in them - the bikinis they wear are so lacking in substance that they are known as *no denim*, dental floss. Apart from three tiny cloth triangles held in strategic front positions by cotton string, there is nothing else.

While the rest of the world ploughs deeper into an ever flab and cellulite, men of all ages continue to wander lithely along the beach, immune to the effects of gravity or time. Years. Surely there is some explanation? My specific curiosity could no longer be held back. I decided to contact a medical man.

José de Gervais is a third-generation member of a distinguished Rio medical family. But one part of the female anatomy counts above all else in Rio. "In America," said the doctor, "there is a fascination with the breast - bigger is better. Here it is quite different. It is the bottom that matters. It is the bottom that matters.

If is the bottom that matters. It is the bottom that matters.

Cut-price US holidays

FLORIDA is still experiencing a downturn in bookings but the good news is that this has led to a spate of special offers. UK holidaymakers still appear reluctant to commit themselves to long-haul American travel so soon after the end of Gulf War hostilities.

Leading tour operator *Connors* is cutting the prices of all its Florida holidays this summer: best deal is a 14-night fly-drive holiday to Orlando at a cost of £299 per person, based on four people travelling, which represents a saving of £100 against the brochure price. Other Orlando holidays, including accommodation, between May and mid-July have also been reduced.

Connors' price cuts have been caused partly by its need to stimulate bookings following its decision to pick up much of the capacity which the failed International Leisure Group had already secured in Florida. It is also offering flights to Florida from Cardiff, south Wales, for the first time.

Jetave, which specialises in US holidays, is cutting prices to Orlando between May and mid-July (just before the school holidays start). Return flights to Orlando have been reduced by £100 to £279 per person.

Early birds visiting travel



You need plenty of cheek on Rio's Copacabana beach

Courtesy Associated Press

The breast is small so much the better, one can wear a smaller bikini top. But if the bottom is small it is very disappointing."

As he talked, de Gervais leaned out of the window and gazed at the women strolling along Ipanema. "I am always more critical," he said. "I cannot sit in a restaurant or at the beach without saying this needs more cheekbone or that one needs less hip. In fact, there isn't a woman in the world who couldn't be improved."

At this point his voice faded to a whisper. "I am untrained eyes Angela is not look as if she needed any improvement at all. She said that the good doctor was always telling her she needed work 'here, here and here' - indicating eyebrows, cheeks, jaw-line. "He keeps insisting, and I keep refusing."

The doctor leapt to his own defence. "But of course! It is only natural. What do I do for other people here? I should do also for my wife, Rio, after all, is not like any other place. Where else in the world is it easier to operate on one's wife than it is to find a new one?"

■ Nicholas Woodsworth
to Brazil with British Airways, tel: 0171-2741222. In Rio he was the guest of the Rio Sheraton (tel: 274-1222).

agents next week can book a British Airways round-trip holiday to Orlando for £275 - saving about £185 per person on the brochure price - if booked before 10am through most travel agents.

Orlando is the single most popular long-haul destination for Britons - nearly 1m went there last year - mainly because of the attraction of Walt Disney World.

Closer to home, Euro Disney, outside Paris, is due to open on April 12 next year. Disney has started selling special commemorative passes to the new theme park at £20 for adults and £15 for children aged between three and nine from its new store in Regent Street, London.

When the Royal Scotsman pulls out of Edinburgh's Waverley station at the end of the month it will forgo its usual journey around the Scottish Highlands and travel south for the first time.

The train, aimed at providing cruise companies seeking to increase Mediterranean bookings after the Gulf war, P&O Cruises, is offering free places to children under 12 who join their parents on Canberra's 13-night Mediterranean cruise next month. Fare for adults start at £100 to £279 per person.

Early birds visiting travel

agent

FOOD & WINE

Although strongly influenced by Spain, Portugal has a cuisine of its own. Weekend FT food and wine writers sample its traditions

Lisbon: where the fishwives rule

... As bad a tongue, if it be set on, as any oyster-wife at Billingsgate ...

SHAKESPEARE may have had it right. From Billingsgate fish market to ports and harbours around the world, fishwives can be crusty, foul-mouthed creatures. Yet the dramatist and I differ in our basic approach to the women who stand behind fishy-smelling market stalls. In a tone of great language, he had sympathy for them. A lover of fish, I do.

I doubt Shakespeare ever went the short walk down the Thames from the market to Billingsgate fish market at an hour and season when fishwives are apt to be their crudest, worst. Not long ago I left a comfortable bed to wander the Lisbon waterfront at just such a moment - three hours on a cold winter morning. I report that compared to the most of us would develop with mussels with slippery, hard on a rain-swept morning, the mood displayed by the much-maligned fishwives of the Brixton market.

For the Bard's opinion of fishery, it is an honourable profession. The Portuguese, I found out, share his view. As they walk along the Tagus River beside Lisbon's main market, the Mercado da Ribeira, they are undisputed queens.

Later on in the day this market will see more than 1,000 men and women at work piling crates of oranges and lettuce, making pyramids of big yellow squashes, and carrying great sacks of carrots balanced on their heads - fresh fish, meat, poultry and vegetables are all sold in vast quantities here. But I am this is the private realm of the fishwife, the purveyor of some of the most sought after foods in the country.

Down at the water, where strong winds whip the waves of the Tagus estuary into dirty brown froth, fish arrive by boat and lorry from ports up and down the Portuguese coast - from Nazare, Peniche and Averio to the north of Lisbon, from the Algarve, Setubal and Estoril to the south. Packed in ice in shallow crates, the catch - some of it still wriggling - is rattled trolleys over rain-splashed cob-



Catch of the day: Portuguese fishermen bring home the spoils

blod streets to the dock's main auction hall.

It may be hard to detect, but there is some order among the scores of women milling about here in the glare of whitetiled surfaces and bright fluorescent lighting. Shouting, cajoling, mocking and gesticulating, they go about their business with all the lusty energy and forcefulness they and their sons everywhere are famous for.

Crates of fish high on to weigh-scales, others drag them along the floor with metal hooks, while still others vigorous inspection of their sons' hands

striped bodies of sea bass. Noses pinched with cold sniff at the gills of red mullet. Practised eyes measure the length of long, flat scabbed fish coiled into their crates like so many lengths of silvery fire hose. Nylon string sacks of clams and mussels; crabs with shells stopped open with wooden pegs; chocolate-dark lobsters that will soon be flaming red; all come in for intensive perusal and evaluation.

The night's vital moments come when individual lots of fish are put up for auction. Here, as in much of the rest of continental Europe, bidding for fish is made on descending, rather than rising, prices. The successful bidder is

first bid as the auctioneer progressively lowers the price for the item on offer. As a system it is as fair as the one we know, but it does introduce a greater element of tension; instead of having multiple chances to bid for a lot, the potential buyer has only one.

That the women are bidding for turbot and conger eels rather than Turners and Constables does not make the auction any less interesting for those involved. As in any other domain of public activity in Portugal, connections and personal prestige count for a good deal in the fish market. Many of the fishwives, as an alternative

to market customers, act as buying agents for Lisbon's hotels and seafood restaurants. Here the politics of fish buying can be bloodthirsty and unforgiving. As every Lisbon restaurateur knows, having a fishwife of power and influence fighting on your side can make or break you.

□ □ □

Curiously, Portugal's popular fish can be found at the market but is not on sale at the fish auction. The cod bacalhau so beloved of the Portuguese is not bought fresh but heavily salted and dried as stiff as a board. Requiring up to three

days of soaking before use, it forms the basis of more than 300 dishes, making inspired use of such simple ingredients as potatoes, onions, eggs and olives. Not so long ago the humble food of poor Portuguese living inland and unable to obtain cheap, protein-rich fish any other way, bacalhau has today taken on prestige status and is found on the most elaborate menus.

Once the waters of Newfoundland's Grand Banks teemed with cod and for six months every year were home to a large Portuguese fishing fleet. Today, however, the Banks are overfished and the fleet is depleted. Much of Portugal's cod is purchased from Norway. Of the country's 11,000 working boats fully two thirds are powered by car or sail, and only about 100 are deep-sea vessels. Steeply rising cod prices have now put bacalhau out of reach of the people whom it originally benefited.

Fish nonetheless remains a staple of most Portuguese people. But few popular dishes, no matter how modest, bear any resemblance to the horrors that issue from that most English of institutions, the fish and chip shop.

Fishermen themselves boil up huge kettles of fish soup on the beach using sea water, onions, garlic, tomatoes and part of the day's catch. All over the country, fresh, fat sardines are cooked out in the streets by village women using small grills made of baked earth; accompanied by a glass of refreshing vinho verde, they make a delicious summer meal. Even that most frugal of poor man's dinners, *acorda de marisco*, is a delight; requiring nothing more than the addition of an egg, fresh coriander and the water in which shrimp have been boiled, it transforms yesterday's stale loaf into a fragrant bread stew.

□ □ □

After my early morning visit to the fish market, I felt I had earned something more substantial - a bread stew. I took a local train out to Cascais where the Tagus meets the open sea. No longer just a quaint little fishing village, Cascais is home to some of the most elegant fish and seafood restaurants in Portugal.

Here you can listen to Atlantic rollers pounding the beach, and watch high-prowed, brightly-coloured wooden fishing boats bobbing on an even more brightly-coloured sea. More importantly, you can do all this and at the same time sit at a restaurant table and choose from among the best and freshest fish in the world.

I went to a restaurant named after its owner, Joao Padeiro, a man celebrated as a minor god in Cascais for the quality of his fish. After a bowl of Senhor Padeiro's shellfish soup and a plate of his renowned fried sole, I, too, celebrated all manner of minor gods. Not least among them was that array of little ladies who begin their day rather early at the Mercado da Ribeira.

Nicholas Woodsworth

Appetisers

Smart enough for dinner



IT IS a sign of the old-world changed times that Sogrape, the company that has made such a success of supplying with oceans of sweet pink Mateus Rose, is now exporting some of Portugal's most exciting indigenous grapes, in fermented and still form. It and others are at last able to supply wines with exotic flavours but made to modern, world-class standards of cleanliness and drinkability within a normal lifetime.

Maria Quinta may sound like a comfortably good cook but is in fact the peachy yet crisp grape variety from which Sogrape's Mateus Bairrada 1988 Quinta de Pedralvites is made.

With a label discreetly tucked under the rim for the dinner table, it is £5.79. Oddbins and would go swimmingly with rich, creamy pates.

Guy Laroche is known for his organic Muscadet but his Cistercian red Vin de Paille from Brejoeira, also produced without recourse to the agri-chemical industry, is one of the most charmingly fruity reds I have had in a long while. This is no heavyweight and should be drunk over the next few months but the importers' price of £47.40 a dozen bottles is a snip - though it goes up the after-tax mark. Contact organic wine specialists Vintners of Ossiet, Yorkshire on

assembled for one tasting in the UK" are available from The Australian Wine Centre, 50 Strand, WC2 or on 071-825-0751. JR

The Andre Simon Memorial Fund was established in 1972 to perpetuate the name of the man who did so much for gastronomy in this country. Every year awards are made to the authors of books on food and drink.

Two London wine fairs are at wine merchants Bibendum in Regent's Park Road, NW1 and takes place today from 10am until 5pm. It features 100 Yard cheeses and Carey oils as well as expert wine and tastings including Taittinger champagne. Entry is free. At the Great Australian Wine Tasting at The Old Horticultural Hall, Vincent Square, SW1 on Saturday May 11, the entry fee costs £10. Tickets to what claims to be "the largest range of Oz and NZ

The search for authenticity

Place Fogareiro in north London. All

are Aquitaine, open evenings only

Porchester Road, (tel:

071-521-1188) and Caravela,

the survivor of the once

triumvirate of Portuguese

delicatessens in Beauchamp Place.

A lunch at Caravela

is a highlight why Portuguese

London, in Beauchamp

rants have failed to appeal. The staff could not have been more accommodating and the food improve with a tangy creme caramel and excellent coffee. The rest of my meal, however, and the contents of the menu, showed little imagination; *cod verde*, the cabbage-based soup, was cooked four different ways and one or two different ways with chicken and pork.

However, one enclave of Portuguese gastronomy does survive in the Colborne Road, London W10 in the form of Delicatessen at 104 and opposite, 105, Lisboa (081-968-3242).

The delicatessen offers all the ingredients for a Portuguese meal at home.

£12.50 per person

£24.50 per person

£37.50 per person

£55 per person

£75 per person

£95 per person

£115 per person

£135 per person

£155 per person

£175 per person

£195 per person

£215 per person

£235 per person

£255 per person

£275 per person

£295 per person

£315 per person

£335 per person

£355 per person

£375 per person

£395 per person

£415 per person

£435 per person

£455 per person

£475 per person

£495 per person

£515 per person

£535 per person

£555 per person

£575 per person

£595 per person

£615 per person

£635 per person

£655 per person

£675 per person

£695 per person

£715 per person

£735 per person

£755 per person

£775 per person

£795 per person

£815 per person

£835 per person

£855 per person

£875 per person

£895 per person

£915 per person

£935 per person

£955 per person

£975 per person

£995 per person

£1015 per person

£1035 per person

£1055 per person

£1075 per person

£1095 per person

£1115 per person

£1135 per person

£1155 per person

£1175 per person

£1195 per person

£1215 per person

£1235 per person

£1255 per person

£1275 per person

£1295 per person

£1315 per person

£1335 per person

£1355 per person

£1375 per person

£1395 per person

£1415 per person

£1435 per person

£1455 per person

£1475 per person

£1495 per person

£1515 per person

£1535 per person

£1555 per person

£1575 per person

£1595 per person

£1615 per person

£1635 per person

£1655 per person

The greening of artists

ROLL UP, roll up for the great charity art auction. Buy a masterpiece by a contemporary artist at a knock-down price while helping a good cause. Well, that's the theory and the practice will be tested in the next couple of weeks, with the Green Contemporary Art Sale taking place at Phillips next Thursday with the aim of raising around £200,000 for the Green Fund, a charity which finances environmental research, and Amnesty International benefitting on April 30 from an auction at Bonhams.

You can recognise the tender-hearted artists by the frequency with which their names feature in the catalogues — Maggi Hambling, Elizabeth Frink, Susan Hiller, Sir Hugh Casson can usually be relied upon to give something back in both sales, as do Paula Rego, Tom Phillips and Richard Long.

Some artists always refuse, particularly big names like Francis Bacon and Lucian Freud whose work would bring in serious money. In the main artists rally round, offering some small sketch, or a drawing, or a print, or a scrap from the studio, or even producing an etching which can be

increasingly they split any successful bid with the charity, usually on a fifty-fifty basis. Since they often get no better deal from their galleries they are not out of profit and have done some good.

The problem with charity auctions is that no one is quite sure of their status. Much of the art given is not of the highest quality and bidding can be pathetic. Sotheby's most recent auction, for the Worcester Cathedral Appeal, did not take off. But good stuff can also pass cheaply.

This month's auctions are better than average, especially the Green Sale which includes an original design by Richard Long, of 97 turf bricks shaped into a circle; a Chiaroscuro collage and works by Sean Scully and Glyn Williams. It could be that a charity auction will restore confidence to the battered market in contemporary art.

London's 6th International Contemporary Art Fair is open for business this weekend at Olympia. It is not very international — hardly anything from the US, France, Italy and Germany, the power houses of modern art; nor particularly contemporary, with dealers like Peter Nahum showing work which was hardly fresh 50 or more years ago.

This is because at a time of recession in the art market the organisers could not be too choosy. Stands were going cheap and there is a warm welcome for art colleges and charities, small magazines and unrepresented artists, and for dealers from Brazil and Yugoslavia, Alicante and Tel Aviv.

It actually makes for a jollier spread than usual: not over powerfully large and very eclectic. The pretension has largely evaporated with the boom and there are hundreds of modestly priced works on offer which would interest conservative collectors looking for a tasteful nude, or a flower painting, or a decorative landscape.

Many of the big London dealers are absent, but Bernard Jacobson holds the line with works by Spencer, Bomberg, Hitchens and Ben Nicholson (including a £550,000 "museum" piece), surrounded by other dealers, like David Massam, who have reacted to the depression by going down in price.

And seldom hit; but the slump in the art market and the outright opposition of some dealers has made the work of the organisers much more difficult.

In the main dealers hate charity auctions. They fear that the work of their artists will sell for less than the market price and undermine their livelihood. They also see sellers escape them. Gilbert & George had to threaten their dealer Anthony D'Offay with desertion to gain his acquiescence to give work to AIDS charities. You can understand the feelings of dealers like Nigel Greenwood when a large gouache by the popular Scottish artist Adrian Wiszniewski appears at the Green Sale with a £14,500 estimate when it would otherwise hang on his gallery walls. Often dealers feel impelled to attend the charity auction and bid up their artists to reasonable, or even exorbitant, heights.

Artists have learned to exploit charity auctions. Some give their work freely, for the cause, or the hope of being spotted by rich patrons. But

THE FLAGS outside the Pierpont Morgan Library on Madison Avenue announce an exhibition of Van Dyck drawings and prints, occupying pride of place in the lobby, is a showcase containing a small bound volume. The burgundy crushed-velvet covers are laid open and there, on one of the hundred or so leaves that make up the book, is an awkward drawing of a picture by Raphael. This is the so-called "Antwerp Sketchbook".

Although it is the first item in the exhibition, the book is a much-discussed work that is not necessarily by Van Dyck. It was brought to light in 1869 by Professor Michael Jaffé, at Chatsworth, where it had been, together with Van Dyck's "Italian Sketchbook", since about 1900. It is an odd little tome containing recipes for mixing painting materials, childlike arithmetic, drawings — some quite amateur — that are mainly copied from old prints, and a transcription of a lost pocket-book that belonged to Rubens. If it is by Van Dyck, it would have been assembled when he was about 16. When Jaffé first published it, the Van Dyck attribution was immediately refuted by the foremost authority on the artist's drawings, Horst Vey, but since then different scholars have come to regard it as the artist's work.

The Morgan's exhibition catalogue is inconclusive on the subject, "puzzling", it says, while pointing out that "its inclusion presents an opportunity to examine it alongside drawings that are indisputably by Van Dyck". This is a bit of "scholarly" nonsense. As the book is firmly secured beneath its perspex dome, the chances that anyone will be able to examine more than the single drawing which is shown are fairly remote.

Taking into account such practical considerations, the British Museum, which owns Van Dyck's "Italian Sketchbook", was quite right to refuse to lend it to the exhibition. "Too fragile" was its response when the loan was requested. More to the point, why send 122 pages of drawings across the Atlantic when no more than two of them are going to be seen?

Many of the works in the exhibition, in fact almost half the entire show of 91 items, are from the artist's early years in Antwerp, between 1617-21, when he associated with the



A black chalk, pen, brown ink and brown and grey wash study for 'The Mystic Marriage of Saint Catherine'

Drawn to Van Dyck

Homan Potterton is fascinated by an unexpected group of sketches

The "Italian Sketchbook".

The authorship of which is above dispute, is a pictorial record of the artist's travels in Italy between 1621-27 and it is a fascinating document: very few Van Dyck drawings from those years survive. There are five in the exhibition, including a very fine composition study for the altarpiece with St Rose in Palermo and an unusual sheet with a cottage on fire sketched in wash on the back of another more finished drawing.

Many of the works in the exhibition, in fact almost half the entire show of 91 items, are from the artist's early years in Antwerp, between 1617-21, when he associated with the

studio of Rubens. These drawings are studies, in many cases groups of studies, for several of his most important pictures: "The Brazen Serpent" and "The Mystic Marriage of St Catherine", both in the Prado; "The Carrying of the Cross" in the Dominican church in Antwerp; and "The Taking of Christ", a subject which he worked and re-worked in as many as three different paintings. The sheets document an evolutionary process as the young Van Dyck attempted to resolve his compositions while still experimenting with various styles in painting. From one study to another a figure is moved, a grouping tightened, or a gesture changed: several

of the drawings are finished *modelli* on which a grid of ruled lines has been superimposed to facilitate the transfer of the design to canvas. In some drawings the composition is broadly suggested with blocks of wash. Others are composed of scratchy pen lines. Bolder studies are actually drawn with wash while the more finished works may be executed in chalk strengthened with pen and ink and dashes of body colour. Single figure studies are in black chalk.

Fascinating though these early compositional drawings are, they are not Van Dyck's most outstanding achievement and they are greatly surpassed

in quality by the superb portrait drawings included in the exhibition. This is as one would expect from an artist whose portraits have justifiably always been more prized than his subject pictures.

Eleven of these drawings, black chalk studies of famous contemporaries, were engraved as a series and published as the *Iconography*. Apart from the elegance of the lines used to depict costumes and gestures and the skillful compositional variations that the artist achieved within the narrow confines of a head-and-shoulders study, the *Iconography* drawings are brilliant studies in expression: disdain, worry, geniality, kindli-

ness and wisdom are marvellously conveyed.

Other drawings, free black chalk studies for later portraits — some with white highlights — are also particularly fine.

Several are related to the artist's most famous compositions:

a full-length figure of

Henrietta Maria in rustling silk

with the dwarf Jeffrey Hudson

as just a suggestion by her side; a horse and rider, conve

yed by a few spare lines, is

unmistakably a composition

sketch for "Charles I on horseback with Monsieur de Saint Antoine"; and a sheet with two

studies of a seated greyhound

is instantly recognisable as

related to the portrait of James Stuart, fourth Duke of Lennox.

It comes as no surprise that

Van Dyck could draw like this.

One would expect that he, the

most elegant of painters, would

be a refined draughtsman. The

surprise in the exhibition are

provided by other drawings, an

altogether unexpected group of

landscape sketches and plant

studies that date from the

1630s. Two of these, almost like

etchings in their precision,

depict the town of Rye: one is

actually dated August 27, 1633,

in the artist's own writing and

probably records his passing

through the town on his way

to crossing the Channel.

Among the other drawings in

this group one is a formal

plant study with an inscription

in Flemish, possibly by Van

Dyck, that identifies the vari

ous species of all art three unfa

shaded watercolours with trees

in a landscape that must have

been painted out of doors. As

such, they are forerunners of

the great English watercolours

of more than a century later.

Although several landscape

paintings by Van Dyck are

recorded in the inventories of

early collections, none is

known today. But the exis

tence of these exquisite water

colours makes one wonder, had

the artist survived beyond the

age of 42, might not landscape

rather than subject painting

have been — next to portrai

ture — his greatest forte?

Something else to puzzle about.

The exhibition, which ends

today, moves to the Kimbell

Museum, Fort Worth, Texas,

from June 1 - August 11.

VICTOR HUGO and THE ROMANTIC VISION

Drawings and water-colours

Varnishing day on Thursday 25th April 1991
from 18 to 20 hrs

Exhibition from 26th April to 25th May 1991

GALERIE JAN KRUGIER
29-31, Grand-Rue - 1204 Geneva
Tel:(022)28 57 19 - Fax(022)28 57 12

DREWEATT NEATE

DONNINGTON GROVE NEWBURY BERKSHIRE
THE REMAINING CONTENTS OF THE HOUSE

comprising items from the collection formed by the Hon. Mrs. Day

and her late husband Mr. and Mrs. Day

AUCTION ON THE PREMises Wednesday 1st May 1991 at 10.30 am

VIEWING: Saturday 27th & Sunday 28th April 10.00 am to 5.00 pm

Sunday 29th April 2.00 pm to 5.00 pm No viewing on Tuesday 30th April

Illustrated catalogues 55.00 including postage from

DREWEATT NEATE Donnington Priory Donnington Newbury
Berks RG18 2JE Telephone 0635 31234 Fax 0635 628166

THE ENTHRONEMENT of the new Archbishop of Canterbury has been more of a news item than that ceremony usually is, with rumours of pop music and so on — "like a Cup Final", said the Rev Leslie Griffiths in *Thought for the Day*.

Interest in the ceremony and the man at its centre was deeper, I suspect, than it was in the nature of the Anglican Church itself, which Dr Carey now heads.

At the opening party 2000 closest art lovers admired each other rather than the art and red spots were rare, but the RAAB Gallery was selling Ken Currie and Waddington disposed of a Patrick Heron. With

so much that is commonplace on show the most challenging work of the young avant-garde made a greater impact than in the past — especially the squashed daffodils by Anya Gallaccio, the rolls of piping cracked in a corner by Marie-Jane O'Neil, and the light boxes of Catherine Yass, all London Young Artists.

Trade is still very slow, although at least passers-by sometimes stop to ask the price these days. There must be great bargains at Olympia this weekend. Five years ago the Contemporary Art Society acquired there a work by the youthful John Kirby for £200. This week Angela Flowers sold a recent Kirby for over £20,000. Given the current plight of debt ridden dealers this should be a fair price for buyers rather than browsers.

ART GALLERIES

'DESERT ORCHID' 'MR FRISK'

Limited edition prints by John King
For free samples and details
of our 1991 range, write to
ENDLESS FINE ART LTD
Fleet, Hampshire GU10 4PS

ROY MILES GALLERY 29 Grosvenor St, W1
071-482 4747, ZHU GUANG, New Works
from Tues. Mon-Fri 10-4, Sat 10-1
MANLICHEN 6 Albermarle Street, London
W1. Tel: 071-486 2000, Fax: 071-486 2001
10-52pm Sat 10-12pm Tel: 071-486 5161

FINE ART INVESTMENT LTD Art Market
Analysts & Investment Consultants. Art & Business
Modellers & Forecasters. To book
interviews, telephone 071-486 2001
Fax: 071-486 2001

22 New Bond Street London
W1 Telephone 071-486 2001
(24 hrs)

ART London 91

18-21 April Olympia

The Sale!
Art from over 100 galleries in
16 countries

The International
Contemporary
Art Fair 1991

11am-8pm
Tickets £4.50
Tel: 071-486 1951

Christie's

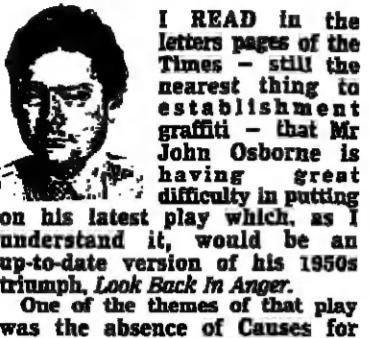
CHRISTIE'S



Ivan Petrovich Andreev (1847-1896): Theatrical Study for a Medieval Interior, signed and dated, brown ink and watercolour on paper, 7 1/

The angry young men who look back in yearning

Dominic Lawson considers the problems of a generation deprived of causes to write for, fight for and die for



I READ in the letters pages of the Times — still the nearest thing to establishment graffiti — that Mr John Osborne is having great difficulty in putting on his latest play which, as I understand it, would be an up-to-date version of his 1950s triumph, *Look Back in Anger*.

One of the themes of that play was the absence of causes for young men to write, fight and die for. This made them very angry.

SIR KENNETH MacMillan, principal choreographer of the Royal Ballet, has been controversial ever since he staged his first professional ballet at Sadler's Wells Theatre as a young dancer in 1955. He has since become one of the most important forces in the dance of our time. He represents the second generation of creativity at the Royal Ballet, after the founding figures, Dame Ninette de Valois and Sir Frederick Ashton; like them he was director of the Royal Ballet, from 1970 to 1977.

His beliefs about the potential of dance to explore the human condition, his determination that his work must reflect not the fantasies of 19th century swan-upting but the emotional crises known to men and women today, have sometimes made audiences uneasy. Ironically, his full-length ballets, *Romeo and Juliet*; *Mamou*; *Mayerling*, are among Covent Garden's greatest draws and have achieved the status of repertory classics, while his short works are eagerly acquired by companies worldwide. He remains, as always, a very private man whose chief concern is still with finding new possibilities for movement.

"I never sat down and thought about what ballet should do in the theatre, but early in my career I knew that what I wanted to put on stage had to have more reality than much of what I was seeing in the 1940s and 50s. That might seem strange when one considers what an artificial medium ballet is, with its women on point and its formal language — the whole aesthetic of ballet is not about reality — but I was at odds with everyone who wanted ballet to continue to be 'traditional'."

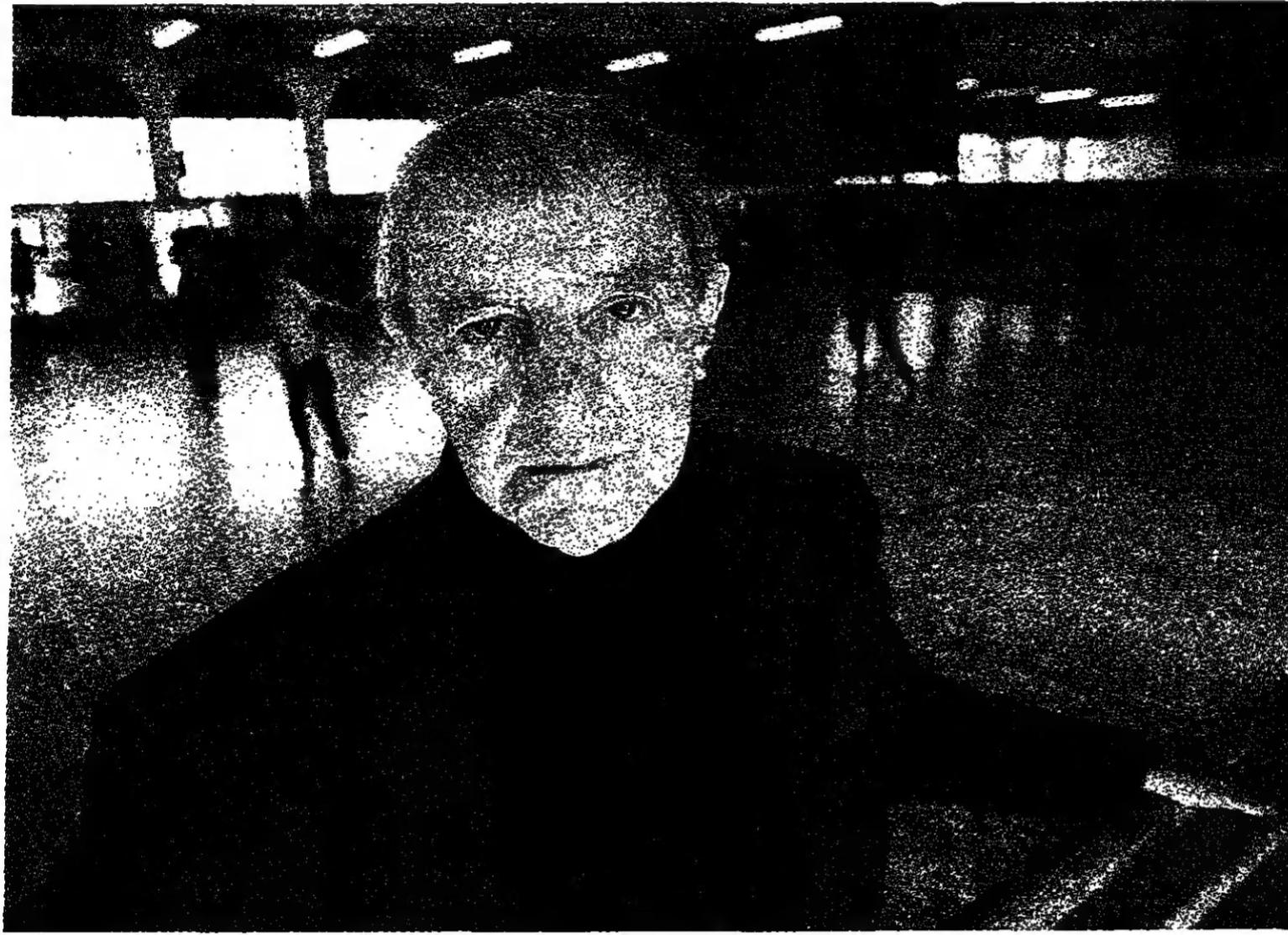
"I was influenced by other aspects of the theatre and I recall an article by John Osborne — whom I admired very much — in which he spoke of ballet as being effete. Little of what I was seeing then had any contact with a real world of feeling and human behaviour. Ballet looked like window-dressing. I wanted to make ballets in which an audience would become caught up with the fate of the characters I showed them. The only way to get the sort of expressivity I aimed for was to know how the characters felt and find a means of showing that."

"I wanted dance to express something largely outside its experience. I had to find a way to stretch the language — otherwise I should just produce sterile academic dance. Even so, the language had to remain very precise, in some of the work I have done which I like best, the movement came swiftly. In the solo recently made for Anthony Dowell as the tragic infector in *Isadora* in *Winter Dreams*, with Dame Diana and Paris Singer here, of the death of Isadora's children."

This is one of the rawest and most heart-rending pieces of choreography that MacMillan has made. In it he pushed dance to serve feelings that only one choreographer, Anthony Tudor, had shown before.

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and



Ashley Ashwood

The man who makes his emotions dance

Clement Crisp meets controversial choreographer Sir Kenneth MacMillan

an influence, because John Osborne had found a way to express his emotions and his frustrations. This was important to me. Emotion could be offend if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in *Winter Dreams* and in *Isadora*. I had shown before."

"The big difference between Tudor and me is that he always sought to conceal emotion, while I sought to get it all out in movement. Tudor's heroines agonise desperately inside and try not to reveal their suffering. It is very English — you mustn't show emotion, and I think my ballets embarrass people because I let emotion out."

"My childhood was very emotionally upsetting. My emotions were stored away and the idea of releasing them, of finding ways of exploring other people's emotions, came out in my work. I chose a strange medium in which to reveal serious things. But since I didn't have a good academic education, I couldn't become a writer. When I saw *Look Back in Anger*, it was a great eye-opener and

matter, but by the way I treat it."

And yet they would not be offended if such matters were shown by a modern company?

"It is like trying to preach to people who can only believe in what they think ballet should be. Prejudice is hard to break down."

Was there implicit in all this a conflict with an establishment?

"I think my entire career has been a fight against the Establishment. It's very difficult to be a choreographer in this country. I feel that I had a lot of trouble with the Opera House establishment because of what I did in